

A USEFUL LOOK AHEAD FROM WASHINGTON

SEPTEMBER 1973

Nation's Business

THE SECRETARY OF COMMERCE:

MAKING A DENT IN OUR
TRADE PROBLEMS





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You don't need a whole bunch of business insurance policies. Just one good one. The Great Simplifier.



It sure makes things simpler.

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You're in good hands.

Nation's Business

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Cover photograph by Yoichi R. Okamoto

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The Home announces a new, expanded **BUSINESS OWNER'S POLICY—** with a long list of important new features!



The Home Insurance Company's brand-new policy for business owners provides a unique package of protection never before available in a single plan—protection against the real business risks of the '70s. Here are just a few of BOP's outstanding features:



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If you incur a loss that causes loss of earnings—and you need extra money to continue usual operations—BOP can pay!

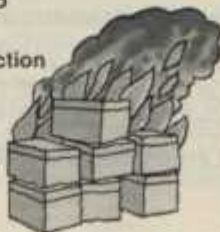
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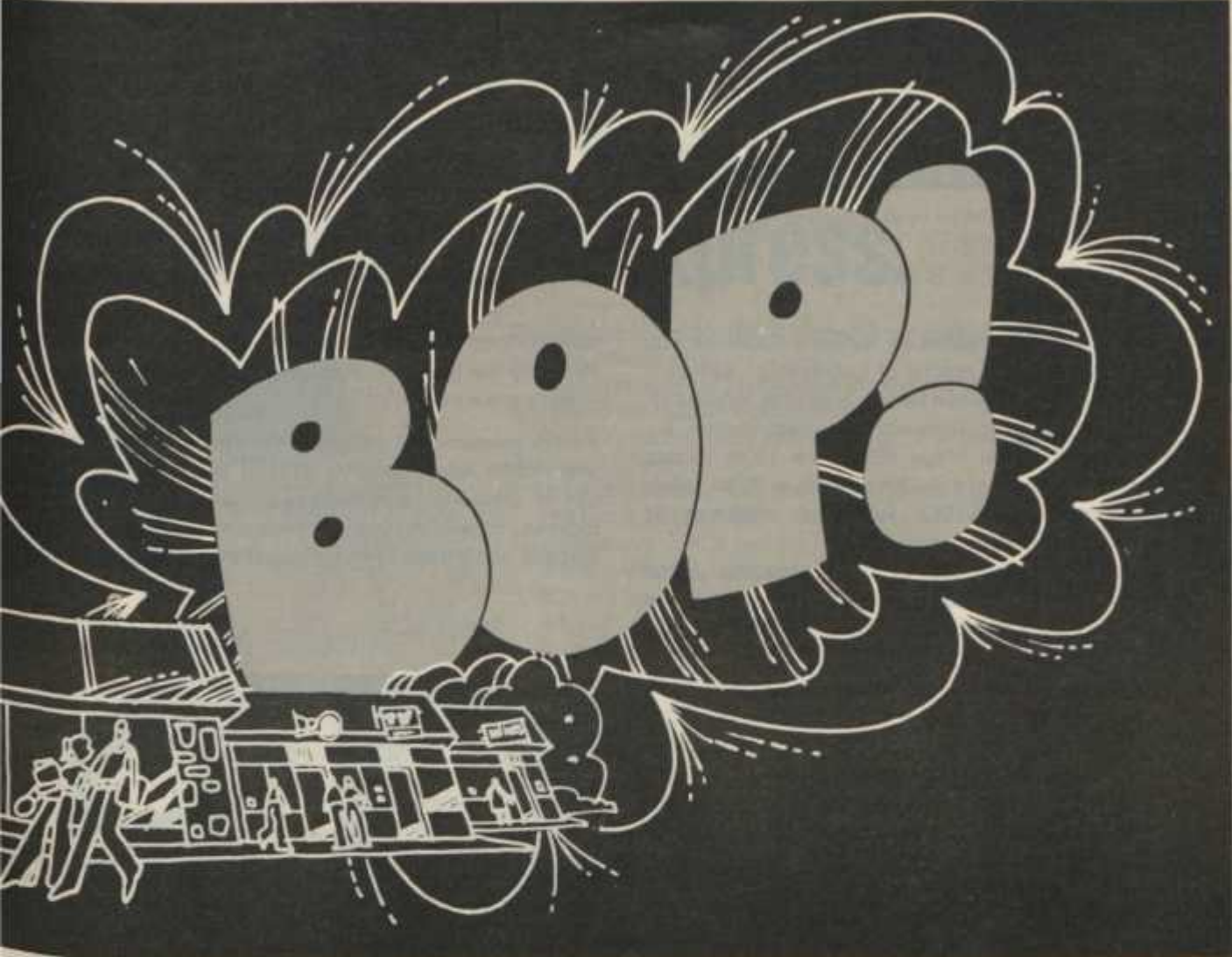
For these exposures and many, many more—BOP can pay!



The Home's expanded Business Owner's Policy offers fuller, more realistic protection in a variety of ways—even on a virtually "all risks" basis. Here are 10 reasons why BOP makes good sense for any business owner:

1 One-policy convenience and efficiency—saves money over the cost of several individual policies and over most other single packages, too.

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- 3 Tremendous flexibility, with a wide variety of optional coverages and deductibles.
- 4 New Business Attraction and other valuable coverages for your use can now be packaged in one contract.
- 5 Discounts tailored to your individual risks—applied at the outset, without waiting—rewarding you *now* for being a good businessman.
- 6 Special credits are granted if your business operations are demonstrated to be superior.
- 7 The Home's convenient premium payment plan, THICO, provides for payment monthly, quarterly, annually, or even seasonally.
- 8 No need for any delays—credit for your existing insurance is available.
- 9 If loss should occur, you can count on the *immediate* service of a Home representative.
- 10 And finally—you gain *peace of mind*. BOP is backed by The Home, founded in 1853, and among the largest and strongest insurance firms in the world.

Want to know more about this exciting new package of complete protection for your business? Just ask your insurance broker to tell you all about BOP—or look for your Home agent in the Yellow Pages.

Home Insurance Companies



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Memo From the Editor

Nation's Business • Published by the Chamber of Commerce of the United States • 1615 H Street N.W., Washington, D.C. 20006

If you're a long-time reader of *Nation's Business* you may be a fan of our "Lessons of Leadership" series.

Many readers tell us it is a feature they look forward to.

This month's conversation with Rawleigh Warner Jr., chairman of Mobil Oil (Page 52), is the 100th in this series. It all started back in June, 1965, with an informal conversation with M.J. Rathbone, chairman of Standard Oil Co. (N.J.).

The concept, originated by then-managing editor Tait Trussell, was that the elder statesmen of business had gathered wisdom during their careers which could be valuable when shared with our other readers.

That's still the concept, and it seems to us to have been proven beyond doubt. The 100 executives whom we have interviewed have included just about every household name of American business. To be honest, we sometimes had some difficulties at first in obtaining interviews with some of the legendary leaders. Now, however, the feature has developed such stature that we have few problems.

A human interest note: We will soon be in the second generation, in at least one case. In June, 1966, we talked with Gen. David Sarnoff, then chairman of RCA. We will soon publish a conversation with his son, Robert W. Sarnoff, now chairman of RCA.

• • •

Another feature many of you tell us you like is our periodic effort to keep you advised on protecting yourself against crime.

This month's article, on page 94, presents an unusual slant. It is advice from prisoners convicted of crimes against business, telling you how you can prevent them.

Incidentally, *Nation's Business* has produced a set of six audio tape cassettes called "Crimeproofing Your Business," which includes the actual voices of some of these prisoners.

You will find our offer to sell them on pages 68-69.

• • •

From time to time, we try to report here some of the

little-noticed developments in Washington which tend to justify the idea that Washington is kind of crazy.

Here are a couple of samples:

- In a monumental decision, the Occupational Safety and Health Administration (OSHA) specified the number of lavatories that businesses must have for employees, depending on the company's size and type. But you don't have to worry about that for the moment.



General Sarnoff



Robert Sarnoff

because a court has stayed them temporarily, pending a hearing on the merits.

- The U.S. Labor Department in Washington granted, in its contract with its union employees, *paternity* leave for males when their child is born.

"So far as I know, no other federal department or agency offers this benefit," said Wallace C. Love, chairman of the negotiating committee for management.

Nor anybody else, so far as we know.

Jack Woodward

The fact is, over 75,000 more establishments honor Diners Club than American Express. (Carte Blanche is a distant third.)



Diners Club exists for one reason and one reason only: to serve executives who get around a lot.

That's why our card is honored throughout the United States, where we originated the executive credit card.

And why, in Europe, you'll find us at 30% more places than American Express.

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The fact is, around the world, Diners Club has over 75,000* more member establishments than American Express. (Carte Blanche is a distant third.)

When you travel, those over 75,000 more places can mean a lot to you:

A charming out-of-the-way hotel that doesn't honor the other credit cards.

A locally recommended restaurant in a town you just "discovered."

A shop where they sell the kinds of things you just can't get at home.

In fact, if you only have the other leading executive credit card, it's like having *no card at all in 75,000 places.*

Because Diners Club is honored at so many more places, we do have to be a little more cautious than some of our competitors.

That means we often have to swallow hard and turn down applications they would gladly accept.

But, if you qualify, you'll find the rewards of Diners Club membership to be substantial indeed. Even if you already have another credit card.

Mail the application below and see for yourself.



*Figures based on direct comparison of latest published Diners Club and American Express directories.

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Home Address Years at Present Address Own Home <input type="checkbox"/> Rent <input type="checkbox"/> Telephone (include area code) Number of Dependent Children Social Security Number		Previous Home Address Street City State ZIP Code Years there	
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Executive Trends

BY JOHN COSTELLO
Associate Editor

How IRS sets its sights?

This year, travel expenses and rental income particularly drew the auditor's eagle eye.

Last year, it was self-employment income and expenses.

How about next year?

Well, in 1974, Internal Revenue Service may give its Taxpayer Compliance Measurement Program a stiffer workout.

That's what Tax Corp. of America, Montrose, Calif., has been telling its clients. Last year, it prepared tax returns for 250,000 of them.

"TCMP," President Robert J. Dulsky says, "means IRS makes you verify everything you enter on your return."

"That includes your Social Security

number. And even birth certificates for the children you claim as dependents. TCMP used to be trotted out about every five years. But it appeared in 1969, and again in 1971.

"So it may be due for special emphasis every other year, from now on."

Of course, not everyone gets the TCMP treatment. Just more than usual in a tax year when that's an IRS target.

"The chances of your being audited in any given year varies," Mr. Dulsky says.

"It depends on what IRS chooses to look for—and how much manpower it has available."

The Administration's price control program may be a break for you. IRS agents have had to police it, leaving less time to snoop on taxpayers.

"But don't let that mislead you," Mr. Dulsky says.

"IRS is getting tougher, even if sometimes it's spread a little thin."

And worth every dime

Well, the boss' right-hand woman got a pay hike last year.

Grade A secretaries' weekly salaries went up from \$151 to \$159 on average—for a 5.3 per cent gain.

That's the latest word from the Administrative Management Society, which makes a salary survey annually. But there are regional differences, AMS notes.

For these top-drawer secretaries, average weekly pay ranges from \$164 in the Eastern states to \$158 in the East Central states, \$150 in the West Central states, \$151 in the South and \$167 in the West.

Here are the latest figures (U.S. average) for some other office workers:

Mail Clerk-File Clerk	\$ 96
General Clerk B	108
General Clerk A	129
Typist-Clerk	111
Stenographer	121
Secretary B	137
Secretary A	159

The Bureau of Labor Statistics also reports annually on white collar workers' pay. AMS says its survey is more comprehensive.

National Secretaries Association please copy.

Nor snow, nor rain, nor gloom of night...

Well, maybe that old saying's no longer so true of the Postal Service.

But it is of Network Courier Service, the Los Angeles-based firm says. It tells this story as a clincher:

In Nashville, Tenn., this spring, it was the day before the Grammy Awards.

Then the producers made a shocking discovery. That special electronic

Ryder relies on Bandag retreads.



"With 50,000 trucks to maintain, our tires have to be the most reliable we can find. For us, that's Bandag retreads." So says William C. Sims, Ryder VP.

"We give customers 24 hour emergency service. That includes tires. Since going to Bandags, our tire service calls have declined significantly. We save money. And our customers discover that because we don't take Ryder reliability for granted, they can."

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Your furnace is nearly empty. And your milling machines aren't doing much milling.

You've got big orders on the books now. But your inventory's pretty low. And so's your bank balance.

Problem is to collect your receivables. Take care of your payables. All while restocking.

But that takes cash. And yours is tied up.

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We helped you when your orders took off. Now we can help keep them in a steady climb. By getting you cash to pay bills and restock.

Whether you make rotors, pizzas or junior dresses, we can help. In addition to Business Finance, we offer services like Special Loans, Factoring, Supplemental Commercial Mortgages, Venture Capital and Computer Leasing.

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Time to call Talcott.

You brought in a big one this morning. A single order for 5,000 turbo-prop rotors.

Your sales are finally off the runway and flying. And you're in the clouds.

But your production's still on the ground. 25 rotors a day is your tops. And it's ship in 90 days or forget about repeat orders.

Your high-flying rotors could take a nose dive.

You need to hire 10 more men. Start your special tooling fast. And build your inventory of alloy steels. Most of all you need money. And your customers have most of yours.

Time to call Talcott.

Our Business Finance Division can get you cash fast. We might advance you money against your receivables. Or loan you money for tooling and fixtures. Or for new forgings and vane stock.

There are all kinds of possibilities.

The key thing is to get you cash fast. So when your sales take off, so will your income.



Still time to call Talcott.

podium they planned to use was in Hollywood.

One air express firm turned down the job of flying it out to the home of the "Grand Old Opry," complaining that it was too darn big.

But Network Courier swore it could get the thing there in time. It booked the podium on a 727 flight from Los Angeles International Airport to Nashville.

And sure enough, it was too big. It wouldn't go through the cargo door. Try a 747, someone suggested.

The courier did, but the closest flight he could get took him to Atlanta. There he hired a truck and wheeled the gizmo to Nashville, just in time.

In its two years of existence the company, which has offices in New York, Baltimore, Washington and Chicago, as well as L.A., has moved many things that have to go swiftly and surely. Like TV tapes of "All in the Family," shot on the West Coast and flown to New York and Chicago. It uses regular scheduled airline flights, but gives escort service to avoid any possible miscues. The average cost is about \$40 a package.

"Our man personally escorts the package to the plane, watches it loaded, and flies on the same flight to its destination," says a company spokesman. "There, he gets off the plane, picks up the package right from the cargo hold, and delivers it to a bonded messenger who takes it to the addressee."

On a nightly, cross-country trip from L.A. to Chicago and the East Coast, from 75 to 100 pounds of TV tapes are carried.

Other couriered cargo includes SEC filings, stock issues and just plain, urgent mail.

"We're going Uncle Sam one better," the spokesman says. "He promises delivery within the city in 24 hours' time."

"We promise delivery cross-country."

Living it up on the cuff

Cash may be going out of style.

But credit sure isn't.

For example, here's how Americans went into hock last year:

Average Loan	Amount
Automobile	\$3,729
Personal	\$1,000
Mortgage	\$19,400

Personal debts add up to a bundle, as these statistics put out by the National Consumer Finance Association show:

	Amount in Billions	
	1972	1970
Installment credit	\$127.3	\$111.3
Single payment loans	12.3	9.7
Charge accounts	9.0	8.0
Retail outlets	7.1	6.2
Credit cards	1.9	1.8
*TOTAL	\$157.6	\$127.2

*Due to rounding, individual items do not add up exactly to total.

But not everyone's on a credit kick.

Most American families—52 per cent—owed no installment debt, says the Survey Research Center of the University of Michigan, in 1971. That's the last year for which it has statistics.

It's Hello, Dad—not Dear Father

That's the word from Ma Bell.

Fewer and fewer of us get writer's cramp dashing off a letter to the folks. Instead, we reach for the phone.

Recently the American Telephone and Telegraph Co. surveyed a sample of families it serves.

It found that only 67 per cent of them write letters at all to relatives or friends.

Ten years ago, 79 per cent did.

Now, 63 per cent of the families do at least some visiting by long-distance phone.

Sons and daughters are quick to grab the receiver. Last year, parents got an average of 20 calls a year from the kids. In 1962, youngsters called home an average of only seven times. AT&T doesn't say how many calls were an S.O.S. for money.

Why the increase?

"Because it's easier and cheaper to call long-distance," an AT&T spokesman says. "Lower rates and direct dialing make a big difference."

Last year, Americans set a new record for long-distance calls: A total of 3.22 billion.

25 billion calls a year are made to speak to somebody in the next cubicle.

More and more businesses are handling these *inside* calls with Executone Intercom—the more efficient, less expensive way to communicate with people inside your company. You continue to use your regular telephone, but for *outside* calls only.

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**Put your
shipment
on the
bus.**



Greyhound Package Express

A Handy Way to Keep Up With the Market

The busy traveler interested in the stock market is only a phone call and 25 cents away from up-to-the-minute quotations on 7,000 different stocks, if he's at the Dayton, Ohio, airport.

On prominent public display in the terminal is Marketline, a telephone-sized data console linked to a computer in Huntingdon Valley, Pa.

Using a handy directory, the traveler drops a quarter in a coin box, and presses two buttons—one to clear the computer and the other to designate a particular stock. In seconds a panel displays opening price, the day's high and low, the latest daily volume, and other information.

The Dayton unit is the first public application of Marketline. Sonex, Inc., which developed the device, has rented a smaller, portable version to some 3,000 individuals and companies in two years.

Joseph Riess, president of Quote, Inc., which operates the unit at Dayton Airport, says his company is contracting to install Marketline at other airports, in giant shopping malls and even in cocktail lounges.

The portable version of Marketline, weighing only four pounds, is available for \$38 a month, and can be operated wherever it can be placed alongside a telephone. It is invisibly linked to the phone by sound waves. The call to the computer is free.

Miss Jo Baker, portfolio analyst for Harleysville Insurance Companies of Harleysville, Pa., which bought one of the original units, says she wouldn't want to be without a Marketline set.

"It's a natural for a small company like ours with a portfolio of 40 or 50 stocks," she explains. "To get the conventional equipment on the market to tie in directly with the various exchanges would cost us over \$400 a month."

Kenneth DeWitt, 38-year-old president of Sonex, Inc., reports the computer which stores the market information operates 24 hours a day, seven days a week. It carries a full listing of New York Stock Exchange and American Stock Exchange shares and of National Association of Securities Dealers automated quotations.

"Marketline is really a communications system," Mr. DeWitt says. "We are working on other applica-



The Marketline gets a workout at the airport in Dayton, Ohio.

tions that will provide credit ratings, weather data for pilots, and even inventory information.

"I can see the day when a salesman will carry Marketline with him, check inventories on the spot for his customers, and then place orders." •

Employees on the Go Keep Companies Moving

The Jane Does and John Smiths aren't satisfied any longer with getting color TV sets, autos, home appliances and other incentive awards from the boss for a job well done.

Now the big thing is incentive travel—all-expense-paid vacations to the glamor spots of the world.

William B. Leonard, sales vice president for Trans International Airlines, which relies heavily on this kind of business, estimates \$444 million was spent on incentive travel last year, a figure that could double by 1975.

More than 8,000 companies now offer travel bonuses in one form or another.

Six years ago, less than 2,000 used this approach.

Even "ordinary" travel is becoming passé. Mr. Leonard explains:

"Most businessmen have seen Paris, so how do you continue to motivate them? Well, two ingredients are necessary—an interesting destination and pampering the passengers on the flight."

Trans International now offers "luxury" charter flights. Its planes have only two-abreast seating and feature gourmet foods, fine wines, bone china, crystal and extra stewardesses.

In large corporations, Mr. Leonard notes, there are often thousands of winners of sales contests. One TV manufacturing company awarded 1,800 dealers and their wives trips to Mexico, the French Riviera or London.

"Many hotels abroad couldn't make it financially if they lost their incentive business," says Mr. Leonard.

"For example, about 20 per cent of American visitors in Jamaica last year were there on incentive trips."

He believes travel motivates dealers, salesmen and managers much more than money. "Behind every successful man is a wife eager to travel," he explains.

What does a company footing the bill get out of all this? Says Mr. Leonard:

"Plenty. Incentive travel spurs employee performance and productivity. With taxes taking big bites out of salaries, companies must provide attractive fringe benefits.

"Also, people working for huge corporations often get the feeling they are spending their business careers with impersonal computer-run organizations. Incentive trips show that their companies are made up of flesh and blood people, like themselves." • continued on next page

Free Enterprise Joins the Three R's

"Are your stockholders satisfied with the dividends they get?"

"What was the reason for restating in your letter to shareowners your 1971 earnings per share from 92 cents to 97 cents?"

"How do you determine the rate of a stock split?"

These questions were not being asked at a stockholders' meeting but at a sixth grade class in Waukesha, Wisc., where executives of Central Communications Corp. had come for a "Confrontation on Free Enterprise."

Cencom, an independent telephone holding company in Tomah, Wisc., was satisfied by the tone and variety of the questions that its hunch had paid off: The American free enterprise system could be taught effectively in elementary school.

Some weeks previously, Cencom had asked Banting Elementary School if it would like to experiment with a pilot class, and had offered to provide teaching tools. The school readily accepted and the special



Panelist Jon Pollock, 12, with fellow panelist Brian Frohna, 12, hanging on his words, asks executive Robert Bunke a question about the business system.

course in free enterprise was launched by teacher Bonnie L. Schlais. At the conclusion, five panelists were selected from among the 20 sixth graders to fire questions at the Cencom executives.

Robert W. Bunke, executive vice president and a director of the company, who developed the idea for the course, says he is convinced free enterprise can sell itself if only the facts are presented objectively.

"Business is itself to blame for the lack of such programs in the nation's schools," he contends. "Too many businessmen who wring their hands over the public's hostility to business will not lift a finger to work

with the schools or even to buy advertising to sell America instead of their own products."

Mr. Bunke says such courses can be successful if both businessmen and educators make a real effort to cooperate.

In suggesting the course to the Waukesha school, he explains, it was made clear the school was free to use or reject any of the material.

"So when we speak of the need for cooperation from educators," Mr. Bunke adds, "we mean that they will retain academic freedom and not feel they are being pressured to promote a company, a product or a way of life." •

Companies Plunge into Car Pooling

Gasoline shortages, pollution and increased parking rates have combined to bring car pooling back into fashion.

More and more companies, as well as various levels of government, are offering a variety of inducements to encourage their employees to join car pools like those popularized during World War II.

In Pasadena, Calif., the Burroughs Corp. and Operation Oxygen, a local environmental group, have set up a car pool program to help cut down on pollution and traffic congestion. As a result, parking demand at the Burroughs plant has been slashed 35 per cent.

In St. Louis, Mo., McDonnell Douglas Corp. found it could no longer cope with trying to find adequate

parking for its 47,000 workers. It has launched a car pool matching system—finding car pools for employees living near one another—and provides prime parking for car pools carrying three or more passengers. Early results show the average number of McDonnell Douglas employees per car is 2.8, double the previous figure.

In St. Paul, Minn., the 3M Co. has taken car pooling a step further by providing the car as well as the pool. The company has bought 12-passenger "Commute-a-Vans" which transport its workers to and from home at modest fares. Starting on an experimental basis, 3M now plans to expand the service.

Where large numbers of workers are involved, the computer is being put to use to match worker and car.

The Connecticut Department of Transportation, which has lured more than 1,000 of its own employees into

car pools, now offers to provide computerized matching service to any employer, public or private.

In the national capital area, the Metropolitan Washington Council of Governments is working on a central car pool matching service to serve the entire community. When it's completed, commuters will be able to dial a number and be given a list of people who live near them and work in the same general area.

For reasons of sheer economics the car pool is hard to beat.

The Highway Users Federation reports that the cost of a typical 10-mile trip for a private auto with only a driver traveling to downtown in urban areas of over one million population is \$2.64. The same trip made by four people in a car pool costs 66 cents per person. A slightly crowded six-person car pool cuts this to a mere 44 cents. •

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18,156 times.

They told us 1973 will be a mighty good year for business in Ohio...

They gave Ohio high marks for the caliber of manpower. For our transportation system. General business climate. And highest marks for our central market position.

They are the 18,156 heads of Ohio business and industry who replied to our questionnaire, mailed to each and every Ohio company. 78.2% of all respondents feel 1973 will be a good year for their business.

Among manufacturers, 63.5% say they're investing in new equipment. 57.4% are hiring more workers. (Which explains why unemployment in Ohio has receded to 3.5%, compared to the national average near 5%.)

84.1% of these industries say 1973 will be a profitable year. Wholesale trade agrees, 83.4%. And the retail sector, 81%.

From everything these businessmen have told us, Ohio has launched a new era of vigorous, healthy growth.

Our Department of Economic and Community Development works as a "business partner" with Ohio firms. To encourage a balanced, progressive economy.

To assist in development programs. To make Ohio, more than ever, "a nice place to raise a business."

For more information, write to our Economic Development Division, Box 1001, Columbus, Ohio 43216. Or phone toll-free: from the Midwest or East Coast, call 1-800-848-1107. In Ohio, 1-800-282-1085. From the Rocky Mountains or West Coast, call collect 614-469-4689.

Lets hear it for Ohio!

Ohio Department of Economic and Community Development

John J. Gilligan, Governor
Dr. David C. Sweet, Director

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Spokane takes off with Expo '74

On the surface, it's a typical world's fair blueprint. City officials lure an international exposition. Business benefits from tourism. Publicity attracts new enterprise. And the city gets a parcel of redeveloped land.

In Spokane, Washington, however, the story doesn't stop there. Expo '74 is not only responsible for a 50-acre riverfront park, but has also spurred a \$400 million investment by private enterprise to rebuild and expand the entire central business district.

Business tax itself? It's happened, again and again, as Spokane experiences a total community effort to improve the quality of life for all.

Read about it here—next month—as *Nation's Business* takes a special look at community economic development.

Community economic development. Inside *Nation's Business* in October.



For Sale: Government Information

A businesslike agency, most of whose customers are businesses, can fill you in on the fruits of federal research

Government agencies on the select list of those that don't cost the taxpayer a dime may have to move over.

Aiming to join them in their exclusive status is the National Technical Information Service, a branch of the Commerce Department which sells products—namely, reports on unclassified government or government-funded research—and services including computer-conducted searches of data banks, translations of reports on foreign research, and other marketing aids.

NTIS had gross sales of nearly \$6 million last year.

"We're operating the agency just like it's a business," says its director, William T. Knox, a onetime Esso Research and Engineering Co. scientist.

Well, not like a successful business—so far.

NTIS had to have a \$1.5 million government subsidy in 1972.

However, Mr. Knox hopes it will reach the break-even point in three years, basically by finding more customers and making more sales. If it goes even further, and makes a profit, money will be turned over to the U.S. Treasury.

About 60 per cent of NTIS customers are businesses. They're of all sizes, from one-man operations on up to giant corporations, but Mr. Knox these days is concentrating on the small and medium-size firms.

"The obvious area where technology is not used enough is in such size

businesses," he says. "We know we can help them."

To reach them, NTIS is using a million-name mailing list, purchased from private sources.

Saving a company \$130,000

Who needs the information NTIS offers?

Mr. Knox tells of customers such as a manufacturer of semiconductors which saved \$130,000 on development of a special high-speed press. The exact items needed were described in an NTIS report, and subsequently bought for \$20,000. The firm had planned on having to spend \$150,000.

Such lucrative discoveries, Mr. Knox is convinced, await many businesses in the 750,000 reports that are on deposit in the computer bank at the NTIS center in Springfield, Va., near Washington.

About 60,000 new reports come in each year from all agencies of the federal government and NTIS publishes about a fifth of them. By contrast, the Government Printing Office issues 5,000 to 6,000 titles a year. On average, the private publishing industry issues around 30,000 new titles annually.

Some three million copies of NTIS-published reports are sold each year.

A printed report costs the customer anywhere from \$3 to \$36. Other material goes out on microfilm. A microfiche—one sheet of microfilm that records as many as 98 pages—

continued on page 88B

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500P has a 14-digit printer that's absolutely silent between calculations. A keyboard buffer. And the most advanced add mode system ever devised.

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Most calculators can handle varied calculations, providing each is performed separately. Unicom 500P lets you perform multiple functions from a single key stroke. It anticipates your need for various data and conveniently stores it away. If you need it, it's there. If not, it clears automatically.

A few more examples of 500P's power include a built-in counter that simplifies working averages. Automatic accumulation of first factors in multiplication and divi-

sion. Two separately addressable memories plus three additional accumulation registers. Unicom 500P performs percentages, taxes and discounts automatically. And it even has automatic square root capability—if you need it.

A five-second, white-glove ribbon cartridge.

500P has a disposable ribbon cartridge. It takes about five seconds and you can do it with white gloves.

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To see how 500P can save money for your company, arrange for a demonstration today. Call your nearest Unicom branch or franchised dealer. Or use the coupon below.



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A Fair Share of Government Contracts

When Uncle Sam goes to market, he often shops at one of America's more than eight million small businesses. Usually, this is through the efforts of the U.S. Small Business Administration.

The federal government is the world's largest buyer of goods and services, and selling to it can make a lot of good things happen to small firms. As their champion, SBA makes certain they have ample opportunity to obtain a fair share of government contracts.

In fiscal year 1972, the government spent \$43.8 billion for more than seven million procurement contracts. Small business' share was \$12.6 billion, over \$1 billion more than during the previous year. A sizable portion

SBA Report

of this was in subcontracts, but \$8.7 billion went directly to small business in the form of prime contracts—which meant the creation or maintenance of more than 700,000 jobs throughout the country.

Among the government's most recent prime, or direct, contracts which went to small businesses are a \$278,124 ground roasted coffee order awarded to a New York firm, a \$1,995,500 contract received by a California firm to construct a concrete and steel building, a \$551,460 award to dredge a Gulf of Mexico intercoastal waterway which went to a Louisiana low bidder, and a \$978,400 contract to construct Minuteman missile support facilities won by a North Dakota company.

These firms were able to come out as winning low bidders on federal contracts because of one or the other of two SBA efforts: the set-aside and break-out contract programs.

The increasing technological complexity of material procured by federal agencies and a policy of acquiring

systems and goods from a single contractor responsible for a total package can combine to place many government contracts beyond the capabilities of small firms.

Because of this, the law provides that contracts may be "set aside" for exclusive bidding by small businesses when such action is deemed appropriate by the procuring agency and SBA.

And in many cases, when a procurement order is too large for a small company, suitable portions of it are "broken out" for bidding by and award to small businesses. Break-out contracts may represent:

- A separation of specific services or materials from a more general contract (e.g., janitorial services might be broken out of a general contract for housekeeping on a missile installation).
- A reduction of a single large procurement to several procurements in smaller quantities (e.g., while producing 1,000 small boats might be beyond the capacity of small firms, the procurement might be broken out into two lots of 300 and one lot of 400).
- The separation of subsystems or components from a system which is to be acquired, (e.g., the radar might be broken out of an aircraft system).

This technique not only makes additional prime contracts available to small business, but may also result in federal savings by eliminating profit for both prime contractors and subcontractors on items which will be subcontracted, and by forcing prices down through increased competition.

Forty-seven SBA employees called procurement center representatives are assigned to federal procurement offices throughout the country. These PCR's work side by side with government contracting officers to determine which contracts are suitable to be set aside for small businesses. When such identification is made, interested small companies are invited to bid.

PCR's have extensive responsibilities. Their basic function is to find ways to increase the amount of business which small firms may do with

government agencies. To fulfill this obligation, they must respond to a variety of demands upon their time.

To maintain the set-aside program, a PCR reviews procurement actions which have not been set aside by the agency unilaterally and makes recommendations for joint set-asides. He screens abstracts of bids, proposals and award data to determine if the maximum set-aside is being attained, and makes appropriate recommendations to the procuring agency.

He also tries to find small business bidders for contracts on which there is inadequate small business competition.

Furthermore, as SBA's man-on-the-spot, the PCR is expected to evaluate the procurement operations of the agency to which he is assigned, to determine the overall effect on small firms and to recommend changes which will be helpful to the small business community.

Each PCR is supported by the resources of SBA central, regional and district offices, with which he is in regular contact.

PCR's also have two collateral duties: They counsel small businesses upon request and call SBA's attention to small firms which are in danger of contract default, so that management assistance may be offered in time to prevent such an occurrence.

SBA has assigned special procurement management assistance representatives to some federal agencies. These representatives provide advice to small businessmen on performance, inspection and acceptance of material, and other matters.

Small businesses which participate in the federal contracting program often receive substantial benefits beyond payment for an initial contract order. Satisfactory completion of one procurement order may lead to the receipt of another, to more subcontracting awards from large firms, and eventually to expansion.

Small businessmen who are interested in federal procurement programs should write their local SBA office for the agency's free brochure, "Selling to the U.S. Government."

Prepared by the Small Business Administration.



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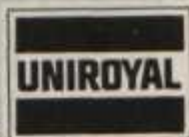
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A small tribute to the men who keep things rolling
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American Trucking Industry



Sound Off to the Editor

Too Many Congressional Investigations?

Prolonged hearings on the Watergate scandal have raised questions anew about the extent to which Congressional committees should function as investigative bodies.

The Senate Watergate committee's sessions have themselves been challenged by the special federal prosecutor named to investigate the same events the committee is looking into. (A federal court, however, refused to suspend the hearings, declaring it has no power to tell Congress how to perform its duties.)

No one contests the right, even the duty, of Congressional committees to conduct hearings to obtain all viewpoints on proposed legislation, to determine whether legislation in a given area is needed, or to review how existing laws are working out.

And some argue that there are

many times when Congressional investigations are the only way to bring out the truth or serve justice when things go awry in government and other government officials are reluctant to act.

Classic examples they cite are the Congressional probe that led to the conviction of Alger Hiss, exposure of labor racketeering by a committee headed by Sen. John L. McClellan (D-Ark.) and the organized crime investigation under chairmanship of the late Sen. Estes Kefauver (D-Tenn.).

However, some say that purely investigatory hearings are a waste of Congressional time and money that could be better spent dealing with specific legislation. Highly publicized inquiries on Capitol Hill, they argue, rarely lead to legislative remedies.

Too, business has sometimes been the whipping boy. Critics cite investigations of the pharmaceutical industry and of multinational corporations, and the recently launched inquiry into the energy shortage.

Other objections are that members of Congress named to special investigative committees tend to be more concerned about becoming overnight television personalities or establishing national political images than they are about conducting impartial hearings, and that the atmosphere of such committees' sessions often degenerates into that of a carnival.

Investigations of wrongdoing, they conclude, should be left to the proper law enforcement agencies.

Are there too many Congressional investigations?

What do you think?

Jack Wooldridge, Editor
Nation's Business
1615 H Street N.W.
Washington, D.C. 20006

Are there too many Congressional investigations?

☐ Yes ☐ No

Comments:.....

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Name and title.....

(PLEASE PRINT)

Company.....

City.....

Sound Off Response

Claps and Boos for "Bugs" and "Taps"

The effect of Watergate in heightening fears that individual rights are imperiled by indiscriminate "bugging" and wiretapping is evident from reaction to the July "Sound Off to the Editor" question, "Should wiretaps and 'bugs' be curbed further?"

Still, 53 per cent of those replying are against imposing additional curbs. Prominent in their answers is the argument that national security and the war against crime are compelling reasons for continuing electronic surveillance.

"The U.S. government has become arrogant and dedicated to serving (and defending) itself rather than its citizens," writes Roland Friederichsen, safety consultant, Boise, Idaho. "It has demonstrated that it cannot control the power given it by the Omnibus Crime Control Act."

But Donald W. Fridell, zone manager, Weyerhaeuser Co., St. Paul, Minn., disagrees. He says: "There are now sufficient curbs on wiretap-

wiretaps. It appears obvious that Congress or the judiciary needs to have some method of reviewing these sensitive areas so that any illegal activities along these lines will be under some type of joint check to protect the public."

"Continued loss of confidentiality will compromise the telephone as a reliable . . . tool of business, government and the general public."

"No," asserts J.D. Brown, district manager, Interstate Life & Accident Insurance Co., Douglas, Ga. "Shall we allow the world of crime, whether it be a nation or a group or an individual, to impose its philosophy on the masses of American people? We need some restraints on wiretaps, but it appears to me that we now have these restraints."

On the Yes side, Robert Kurtz Jr., vice president, Kurtz Bros., Clearfield, Pa., comments: "If Watergate shows us nothing more, it should show how our own government will tend to suppress, harass and invade the privacy of citizens who disagree with its policies. The right to wiretap is the power to destroy."

Although William M. Wood, a Boston, Mass., lawyer, feels laws against surveillance abuse should be more strictly enforced, he points out: "Obviously, wiretapping is an essential tool in combating subversion, organized crime and the like. To justify depriving law enforcement agencies of the use of wiretapping merely because it has been abused would be as silly as depriving them of guns because criminals have misused guns."

Dennis P. Carr, of the Ohio State Department of Economic and Community Development, Columbus, Ohio, writes: "Continued loss of confidentiality will compromise the telephone as a reliable and effective tool of business, government and the general public."

But the Rev. J. Milton Kinney, United Methodist Church, Guthrie Center, Iowa, believes "every tool available" should be used to catch and convict criminals. He adds: "The ones who are charged with enforcing our laws are hampered enough as it is now. The ordinary citizen should have the right of adequate protection against those who would victimize them."

"Watergate has proved that the holding of high office is no guarantee against illegal use of wiretaps and cynical infringement of individual rights," according to John McEachern, vice president, Island Resources Foundation, Inc., St. Thomas, the Virgin Islands. "Given the moral weakness of our leaders, and their sellout to special interest groups, we have no choice but to curb wiretaps."

J.F. Leahy, director of industrial relations, H.H. Robertson Co., Ambridge, Pa., comments: "We cannot use concepts of criminal and subversive detection of 200 years ago against those who use modern means of transportation, communications, etc. As a former FBI agent who worked on major espionage cases, I know how helpless the officers would be without modern detection methods. My experience is that those who make the most noise about freedom plan to destroy it."

Robert J. Coxworth, vice president, Old Republic Life Insurance Co., Chicago, Ill., takes a dissenting view, saying: "Despite the Omnibus Crime Control Act, irrational and unscrupulous minds in higher governmental echelons will find ways to circumvent the statute and in many instances will get away with it."

"It seems to me that the only person who has reason to fear wiretapping or bugging is the person who is doing something wrong," writes Harold E. Panke, vice president, General Pipeline Co., Canton, Ohio. "It's no different than the person who gripes about his speeding ticket on the basis that the officer was hiding."

"It seems to me that the only person who has reason to fear wiretapping or bugging is the person who is doing something wrong."

ping and if any more are added we swing to advantages for the adversary. Don't let Watergate make us lose our perspective."

Realtor James V. Duncan of Hopkinsville, Ky., comments: "I think that in the interest of national security and the fight against organized crime no curbs in addition to the present laws should be imposed, but that every effort should be made to see that those laws are properly enforced."

Henry V. Broady, president, Main Oil & Gas Co., Inc., Houston, Texas, feels otherwise, noting: "The Watergate investigation reveals that the Executive branch has been unrestrained in connection with the use of

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Washington's New Little Giant

Its decisions may mean life or death for some businesses

Many veteran government watchers believe it is potentially the most powerful federal regulatory agency ever created.

A senior Congressman thinks its decisions could mean life or death for some businesses.

It will have the power to set standards for products, ban them, or order them recalled, repaired or even repurchased by the seller.

"It" is the Consumer Product Safety Commission, which is smallish now as government agencies go, with only about 550 employees, but which has enormous surprises in store for businessmen who don't pay attention to it and to what its impact could be. And there is evidence some businessmen aren't giving it that attention.

"Many, especially in industry, confuse us with the Consumer Protection Agency, which Congress didn't enact," says Richard O. Simpson, chairman of the five-member Commission. "Others think we're some kind of super study group. And some believe we're a voluntary industry-government effort to encourage safety standards."

The Consumer Product Safety Commission was, in fact, endowed with vast authority by the law that created it last year.

"You name it and CPSC probably has jurisdiction over it," says Mr.

Simpson, who points out the only products outside its purview are those regulated under certain other laws—such as food, drugs, guns, motor vehicles, airplanes.

The Consumer Product Safety Act set the Commission's goal as protecting "the public against unreasonable risks of injury associated with consumer products."

Rule of "unreasonable"

No responsible businessman quarrels with that goal, but the potential for difficulties is apparent in the obvious question: What is "unreasonable" and what does "associated with" mean?

Similar murky phrases written into laws by Congress in the past have meant countless court suits and Mr. Simpson agrees it could happen again.

"It's the nature of the agency," he says.

Right now, CPSC is working up a priority list of products which it believes represent the greatest hazards. After that, it will draw up a set of standards.

The type of standards it can fix for specific products shows just how much clout the Commission has been given. They can cover composition, design, construction, packaging or finish, and performance.

Manufacturers can be held respon-

Washington's New Little Giant *continued*

sible for noncompliance with standards, and so can distributors, retailers, private labelers and importers.

There are stiff civil and criminal penalties for violations.

Under the law:

- If, after investigation, the Commission finds that a product presents what it concludes is an unreasonable risk, and that no feasible standard would protect the public, it can issue a rule banning the product from the market.
- It can ask a U.S. District Court

whom the product was delivered or sold.

- It can also order a product to be repaired or replaced, or the purchase price refunded, for noncompliance with its standards.
- It can set procedures requiring a manufacturer to notify it of a new product before distribution begins.
- It can require manufacturers, private labelers and distributors to maintain records, make reports and provide information to the Commission.

Civil penalties range from \$2,000

and Mr. Simpson says he hopes they will.

"But, it's going to take a commitment from the board rooms," he says, explaining:

"Too often in the past, corporate representatives on standards committees have been the people who could be spared—your amateur, not your expert. That's going to have to change. Where you could walk away from your voluntary standards if the committee produced one you didn't like, our standards are going to be mandatory. So companies had better send their experts."

"If the board room doesn't make a commitment, the concept of having interested individuals offer to draft standards is not going to work and we will be setting the standards ourselves."

Who may help

Participants in helping write the standards may also include trade associations, technical societies or any of the 400 organizations that have had experience in producing voluntary standards in the past.

Mr. Simpson, 43, a former California electronics executive, came into the federal government as a Deputy Assistant Secretary of Commerce for Product Standards. When he was tapped by President Nixon last spring to head CPSC he was then Acting Assistant Secretary of Commerce for Science and Technology.

As chairman of CPSC, he makes it clear that he's planning on running a taut operation.

"We are going to be pretty tough on enforcement, you can plan on it," he says. "We intend to use the very severe civil and criminal penalties to motivate manufacturers to do the job, and we think it will work."

It will be a few months before the agency finishes drafting its standards and there are bound to be countless questions.

Can CPSC eliminate risk from consumer products?

"I think you can eliminate unreasonable risk," Mr. Simpson replies. "You can never eliminate all risk. It's impossible. That's not our job."

But determining what is an unreasonable risk is not always going to be a clear-cut matter, he explains. "It's



The very title of this report issued by the Consumer Product Safety Commission is a graphic illustration of the far-reaching authority of the new agency. It lists for retailers, as well as wholesalers and manufacturers, what has already been banned by the government.

for immediate seizure of a product if it finds the item presents an imminent personal danger.

- After a hearing, it can order manufacturers, distributors and retailers to give public notice that a product has a safety defect or does not comply with an applicable safety standard. It can require that a notice be sent by mail to every person to

for each violation to a maximum of \$500,000 for a series of violations. Criminal penalties apply to a willful violation after having been notified a product doesn't comply with a standard. The maximum penalty is a year in prison and a \$50,000 fine.

The law specifically offers businessmen an opportunity to participate in setting up operating stan-

Handy filed under Richard Simpson

7/24/73
out
8-31-73



Richard O. Simpson, chairman of the Consumer Product Safety Commission, is a federal official the business community is going to hear quite a lot about in the future. But for the present, he says, too many companies are not even aware the CPSC has come into existence, much less that it has broad powers.

a judgment decision. A lot of factors are taken into account. A risk is more reasonable if it is seen, rather than unseen. The same risk might well become unreasonable if the very young or the very old are exposed to it. Congress didn't define what is unreasonable. We'll have to."

In the drafting of the priority list to determine which products repre-

sent the greatest hazards, the Commission has relied heavily on data from the National Electronic Injury Surveillance System, a computer-linked network of 119 hospital emergency rooms which send in daily reports on injuries associated with—not necessarily caused by—consumer products.

Additionally, CPSC is collecting

data from doctors and from local government officials who handle accident victims.

But this type of data will not be the final criteria on which the priority products list is based, Mr. Simpson says. Other factors to be considered include:

- What is the causal relationship between the product and the injury?

Washington's New Little Giant *continued*

- What is the degree of consumer exposure to a given product?
- What is the cost to consumers and industry of a potential required change in a product?
- What is the effect of a loss of choice to consumers resulting from a product ban?

Mr. Simpson says "a safety standard that raised the price of a \$5 item to \$500 would be unreasonable,"—and so would one that caused consumers to switch to an even more

whether the risk was voluntarily or involuntarily assumed."

CPSC is required to consider the economic impact of a proposed regulation, and the law provides that any person adversely affected by a safety rule can have it reviewed in the courts.

Message to businessmen

Asked what message he wants to convey to American businessmen, Mr. Simpson responds:

THREE AEROSOL SPRAY ADHESIVES BANNED

Three brands of Aerosol spray adhesives have just been officially banned by the Consumer Product Safety Commission and production of four others is being stopped.

The CPSC said there was no known danger to adults or children who use the product, but the action is being taken because of their possible link to genetic damage to future, unborn children of those who use the products.

The sprays are used primarily by art and photo workers.

Commissioner Richard O. Simpson praised the 3-M and Borden Co. for halting production of the three banned sprays. Four other manufacturers, not identified by CPSC, have also stopped production of similar products.

CPSC investigators were ordered to check retail outlets to make sure the banned products are taken off the shelf, Simpson said, and retailers were being urged not to sell any type of spray adhesive.

The ban was based on research into chromosomal birth defects by Dr. Rodman Seely of Oklahoma City.

In another action, the CPSC says it is considering safety standards for tricycles, one which might prohibit the rear step which most children use to give playmates a piggy-back ride.

hazardous product or one that drastically changed the usefulness of a given product.

"A design change which turns a two-pound toaster into a 30-pound appliance may be unreasonable," he says. "And we must take into account consumer exposure to given products."

"It is also important to know

"Find out that we exist; try to understand that we are going to be fair and reasonable in the actions we take. We will not write regulations just for the sake of writing them. We are not anti-business. Businessmen can expect a fair shake and we invite their cooperation."

"On the other hand, they should recognize that we are committed to

getting the job done—reducing the number of injuries and deaths from consumer products. . . .

"I don't know of any company that sets out purposely to design an unsafe product. There sometimes is some carelessness, however, and not enough attention is paid to safety as compared to such aspects as marketing and selecting materials from an esthetic standpoint."

Many businessmen don't know that CPSC can hold distributors and retailers liable, as well as manufacturers.

"I think it will be too bad if they find out about us the hard way," Mr. Simpson says.

"The fact that they didn't know about us is no excuse for not complying with the law."

"Just like the manufacturer, they can be jailed or fined up to a half million dollars if convicted of violating the law."

In its broad authority, the new Commission has taken over the enforcement of several existing laws dealing with specific consumer products: the Hazardous Substances Act, which includes toys; the Poison Prevention Packaging Act; the Refrigerator Door Safety Act and the Flammable Fabrics Act.

In fact, Mr. Simpson notes, if you walk through every part of the average home, practically everything you see comes under the safety jurisdiction of his agency.

"That," he says, "includes all your appliances in the kitchen—refrigerator, dishwasher, mixers, toasters; your television and stereos; detergents, matches, bottles; lawn mowers, indoor and outdoor tools, athletic equipment; rugs, drapes, furniture, bathtub, lamps, bicycles, tricycles, swimming pools . . . oh, just about everything."

Rep. Jamie L. Whitten (D.-Miss.), chairman of the House Appropriations subcommittee which deals with consumer activities, told Mr. Simpson in one hearing that decisions of his agency could be matters of "life or death" for some businesses.

And, Rep. Whitten said, CPSC has enough authority to make the ultimate decision of whether "consumers have anything to consume."

—ROBERT T. GRAY

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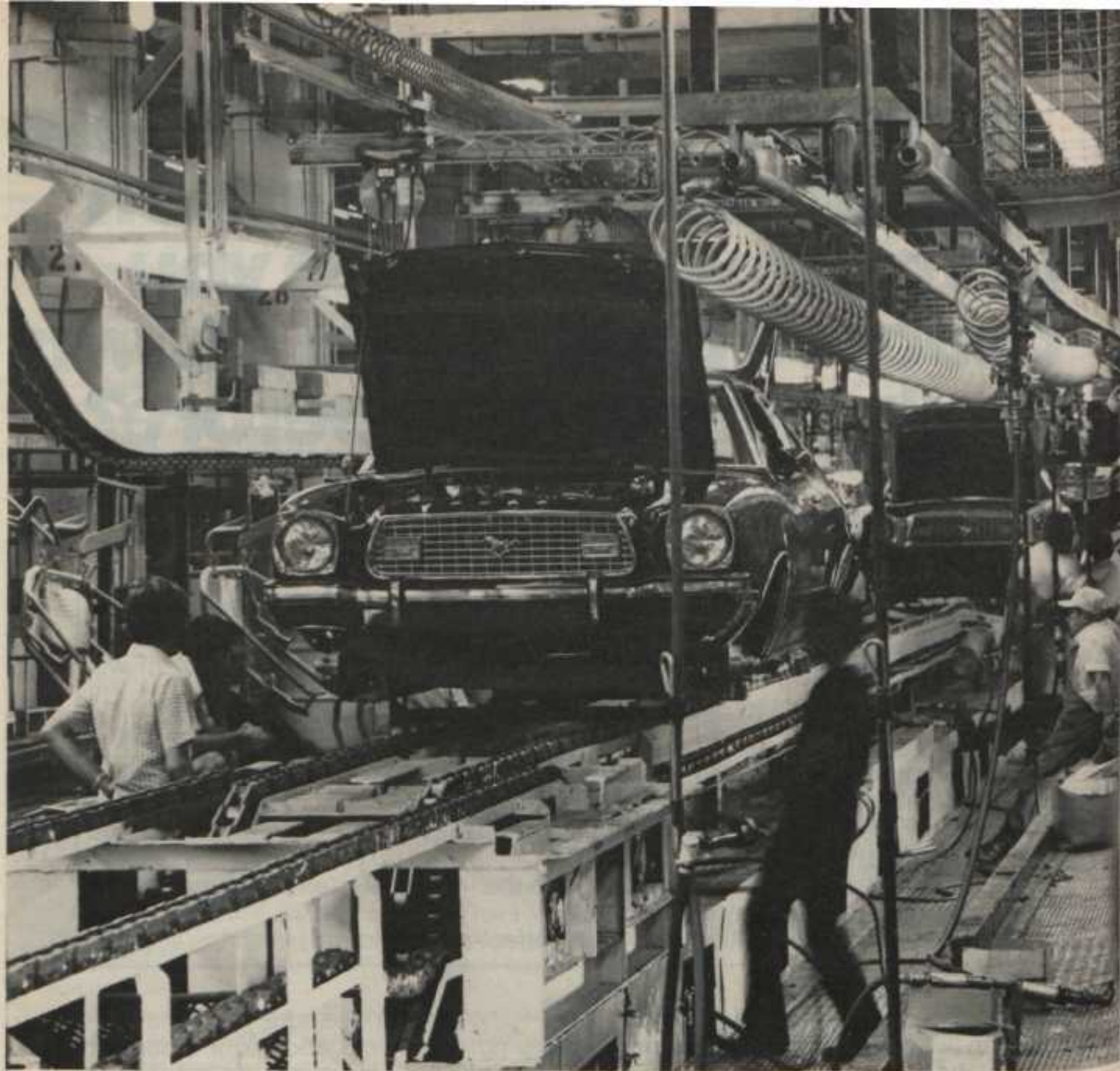
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How

MUSTANG: Back to the Old Corral

A \$200 million
gamble breaks new
ground for the
auto industry

At Ford Motor Co.'s annual stockholders' meeting in Detroit in 1968, Anna Muccioli was recognized by the chair and spoke:

"I have just one complaint. When the Thunderbird came out it was a beautiful sports car. And then you blew it up to the point where it has lost its identity.

"Now the same thing is happening with the Mustang. I have a '65 Mustang and I don't like what's happening. Why can't you leave a sports car small? I mean, you keep blowing them up and then starting another little one, blowing that one up and starting another one."

Henry Ford II, board chairman of

Some photos filed under
transportation, Automobile Safety,
Manufacture

Mag sent 8-31-73

PHOTOS: ROBERT BENTLEY—BLACK STAR



Lee A. Iacocca, president of Ford Motor Co., shows off the new Mustang II which is contrasted with the 1973 model Mustang, center, and the first of the Mustang family which made its debut in a 1965 model. Mr. Iacocca headed a young management team which created the original Mustang.

Mustang II—lighter, shorter and even less expensive than its predecessors—rolls off the assembly line at a time when the U.S. small car market has reached 42 per cent and is still climbing.

Ford Motor Co., fielded the question:

"I must agree from a personal standpoint—I don't say that everybody in our group agrees with me—that cars could get too big. And that makes it more difficult to maneuver . . . and they no doubt eat up a little bit more gas. . . .

"On the other hand, what we try to do is build the kind of car that will sell the most to the general public. Unfortunately, all the public doesn't like the same things and so we have to sort of proliferate. Hopefully, we will keep in mind what you say and . . . will have a product that will be satisfactory to you."

Well, Mr. Ford was able to keep

his commitment as Ford display rooms all across the country are just now attesting. Mustang II is making its debut, a brand new 1974 version of the compact automobile that launched the "Mustang generation" of car buyers in 1964 and set Detroit on its ear.

Miss Muccioli should indeed be pleased because Mustang II is not only smaller than the Mustang of recent years, which had grown longer, wider, heavier and, yes, more expensive, but is even smaller than the 1965 model. It boasts a new four-cylinder engine that despite emission controls will achieve the gas mileage of the first generation Mustang.

Ford is gambling \$200 million that Mustang II is an idea whose time has come, that it can create a second "Mustang generation." The company has several things going for it, some planned, some not.

Mustang II is aimed at a small car market which has now reached 42 per cent of total U.S. auto sales and could go as high as 50 per cent before long. Ford says it can hit this market successfully with Mustang II because it is the only really "new" small car of 1974.

Giving Mustang II a big advantage are two things which Ford did not plan on when the new car's concept began taking shape in 1970. One

Mustang: *continued*

was the devaluation of the U.S. dollar, which boosts the price tag on imported automobiles, and the other is the current fear of gasoline shortages which is spurring hefty sales of smaller cars.

In a major sense, Mustang II is breaking new ground. Detroit has rarely, if ever, shrunk a car; the tradition, created to some extent by buyer demand, is to let a model grow.

"Love letters" from owners

Whether another "Mustang mystique" will develop remains to be seen. Mustang owners in the '60s formed Mustang clubs, attended Mustang rallies and sported Mustang T-shirts. Ford has files bulging with thousands of "love letters" from early Mustang owners.

Guidelines for the first Mustang—sporty enough for the dragstrip, modish enough for the country club, demure enough for churchgoing—may also apply to Mustang II, but there is certainly a somewhat different emphasis.

"The biggest story we have to sell is not sex appeal, as we did in our Walter-Mitty-type advertising for the original Mustang," Bennett E. Bidwell, vice president of Ford Motor Co. and general manager of the Ford division, told NATION'S BUSINESS.

"What the heck, the world has changed since 1964."

Essentially, says Mr. Bidwell, Ford has tried to come up with a car that combines economy with class, and one that has enough new features to make it not merely a rehash of another version.

"I feel we're getting more and more into a market made up of people who are looking for smaller packages, but don't want to give up luxury," he explains. "I don't mean they've got to have opulence, but they don't want to go Spartan either. It's going to come down in the final analysis to what I hope will be our biggest strength: We have a well-built, well-put-together quality car that performs well even with emission controls."

Ford had its finger on the driving public's pulse in 1961 when it decided to build a sporty little car to match the youthful mood of the nation. Its market researchers pointed



Bennett Bidwell, the Ford division's boss, says Mustang II will go because "we're getting into a market made up of people who are looking for smaller packages, but don't want to give up luxury."

out with accuracy that when people talked about wanting an economy car what they really had in mind was an auto with the flair and performance of a Thunderbird and the price tag of a Falcon.

A young management team was assembled with instructions to come up with such an auto. The team was headed by Lee A. Iacocca, then general manager of the Ford division and now president of Ford Motor Co.

By the end of that year the goal was set: A car that would not be more than 180 inches long, weigh more than 2,500 pounds or exceed \$2,500 in price.

When Mustang I rolled off the line

in March, 1964, it was 11½ inches longer than planned, and weighed 2,615 pounds.

But the price tag was \$2,368, a figure which was to dominate early advertising.

The dimensions and price tag of Mustang II tell the story of the evolution that has now occurred. Mustang II is 175 inches long and would have weighed 2,421 pounds except for safety, damageability and emission control requirements imposed by the federal government. They boosted the weight to 2,711 pounds.

The basic, four-cylinder Mustang II is selling for slightly under \$3,000 compared with the \$2,368 so highly

advertised for the first generation of Mustang I. But, interestingly, in terms of the 1964 dollar the new Mustang is going for around \$2,120.

Mustang's gradual growth in size in the years following the introduction of Mustang I virtually paralleled a drop-off in sales. By 1971, the car was 12 inches longer, six inches wider and 500 pounds heavier. Moreover, the base retail price had climbed to \$2,888—a 22 per cent leap forward.

Disenchanted

Sales figures—they plummeted from a high of 549,437 in 1966 to 152,770 four years later—certainly were telling the company something. So were Mustang owners. The Mustangers didn't like what was happening to "their" car.

"I'd just like to say that myself and a great many of my friends and acquaintances, who are Mustang lovers, are becoming disenchanted with our favorite little car, which is physically becoming much too big," a Chicago owner wrote the company.

"The 1965 model was a good size for around town and was enjoyable to drive," said a St. Louis Mustang-er. "Economy with style is what I'm interested in. It always seems when you people have a good thing, you overimprove on it."

"You are making a good American sports car into a luxury bus," complained a Connecticut owner.

And a Detroit dentist who bought a new Mustang in 1965, and sold it in 1969, reported he bought it back because "I missed it."

Ford faced a major decision in 1970, with the Mustang's sales in a nose dive. It could forget about the Mustang altogether, or capitalize on sentiments like the dentist's and tap the expanding market for small cars with a product bearing the familiar name—a name which already had been on three million autos. It chose the latter course.

No special team was put together to guide Mustang II from drafting to guide Mustang II from drafting to assembly line, but Mr. Iacocca, who is called the "father of the Mustang," kept his hand in every inch of the way. As one associate put it, he gave Mustang II the same kind of "love and affection" he'd be-

stowed on its namesake in days past.

For Ben Bidwell, 46, who came to the Ford division from Lincoln-Mercury only last March, getting Mustang II off to a running start is a real challenge. Mr. Bidwell pumped new life into L-M when he took over as general manager in early 1970. In that year, the division (which Ford had considered dismantling only three years previously) was selling fewer than 400,000 cars. Mr. Bidwell is credited with pushing sales up to the 600,000 level.

He hung a sign in his office which

objectives we ever gave a guy in a week."

Unlike Mustang I, whose engine was built by Ford in Germany, Mustang II features a specially-designed four-cylinder engine being manufactured in a new \$100 million plant in Lima, Ohio. A six-cylinder engine is optional and that is being turned out in Germany.

Ford is geared up to turn out 400,000 Mustang IIs in the 1974 model year alone—because of anticipated high demand it recently decided to assemble the cars in San Jose, Calif.,

HOW FORD'S SMALL CARS COMPARE

	Price (approx.)	Length	Weight	Horsepower (approx.)
Mustang II 4-cyl.	Slightly under \$3,000	175 inches	2,711 pounds	102
Pinto 4-cyl.	\$2,150	168.8 inches	2,436 pounds	85
Maverick 6-cyl.	\$2,400	187 inches	2,835 pounds	84
Comet 6-cyl.	\$2,400	187.7 inches	2,867 pounds	84
Capri (European Ford) 4-cyl.	\$3,280	174.8 inches	2,365 pounds	85

read: "We got the bull out of the ditch."

However, automobile executives, like other executives, can't rest on their laurels. At a press conference last April, President Iacocca made that clear.

A new \$100 million plant

He said Mr. Bidwell "achieved a historic high water mark" for sales at Lincoln-Mercury, but the day he went on the job as top man in the Ford division "I reminded him that his new objective had gone from 600,000—which he spent three years reaching—to no less than three million, which is one of the biggest sales

as well as in Detroit. It is convinced current market indices show Americans want a small car of this type.

"The balance of payments deficit and resultant weakness of the dollar is a real concern to Americans, but it's clear that they won't stop buying foreign products until U.S. companies offer a competitive alternative," Ben Bidwell says.

He adds that Ford's subcompact Pinto "did its job" on the Volkswagen, "but it isn't the Beetle that gives us trouble today. The growth in import sales has come from the automobiles in the \$3,000-to-\$3,500-and-over bracket. That's the target for Mustang II." **END**

*Mag. sent
8.31.73*

The Secretary of Commerce:

Making a Dent in Our Trade Problems



M. Favola
office of the Sec
Room 5080

U.S. Dept. of
Commerce

If he succeeds
in his job,
you'll do a lot
better in yours

*attest to the
success of the*

Fred Dent is surrounded by models and symbols indicating a few of the things the Department he heads does. Clockwise, starting at upper left, are a weather satellite and an experimental wind velocity buoy, a doll representing flammability tests on children's sleepwear, a ship model representing the Maritime Administration, and U.S. Travel Service displays.

A few weeks after Fred Dent took over as Secretary of Commerce last February he held a staff luncheon in the executive dining room on the fifth floor of the sprawling Commerce Department headquarters building.

"This is the team," he told the dozen or so people around the single large table. "We want to work as a team. I want everybody to get along."

These were not the heads of the Census Bureau, the Maritime Administration, the Patent Office or the various other major divisions under his new command.

Instead, they were his chauffeur, chef-steward, and members of his immediate office staff—down to file clerks.

The episode gives an insight into the warmth and considerateness in the character of Frederick Baily Dent, as does this one:

One Saturday, not long afterward, the Secretary was taking a plane to New Jersey. He instructed an aide:

"Tell Frank [long-time Department chauffeur Frank Simmons] not to bother. I'll take my own car and drive myself home when I get back tonight."

But chauffeur Simmons had other ideas and replied: "Tell the Secretary to forget it. I'll drive him and I'll be at the airport when he gets back."

The Secretary allowed himself to be taken and picked up.

Until a phone call from the White House last November offering him the Cabinet post, Fred Dent was comfortably settled into the life style of a successful business executive. He had been, since 1958, president of Mayfair Mills in Arcadia, S.C., the fourth-generation Dent in the textile industry.

Today, he heads a federal agency with 35,000 employees and a billion-dollar-plus budget. Among Cabinet members his is perhaps the most diverse job of all. Daily, he contends

How

Top staffers meet every Monday morning with the Secretary to review and chart progress on a wide variety of programs and problems.



Making a Dent in Our Trade Problems *continued*



Secretary Dent: "I think that more and more foreign trade will lead to a reduction of tensions throughout the world of a political nature and will create more understanding between the peoples of the world. . . ."

with such matters as tariffs, commodity crises, economic development, the fate of whales and seals, tornadoes, the metric system, census activity and shipbuilding, to name only a few.

"We run the Department by devoting an inordinate amount of time and attention," Mr. Dent says simply.

He sees as his most important mission the creation of a climate in which American business interests are competitive worldwide. And he has been confronted with an enormous challenge: To help reduce, if not reverse, a balance of trade deficit which last year reached a staggering \$6.3 billion.

"The United States must achieve a significant improvement in the export of American products abroad," the Secretary says. "If we are going to import goods and services with the voracious appetite we have recently experienced, and add to this imports of petroleum and other energy products, we are simply going to have to make a greater national commitment to export markets."

It's a theme he stresses in many of his talks around the country.

Things are looking up

As gloomy as the foreign trade situation has been, Mr. Dent sees some hopeful portents. Recent figures show the trade deficit was only \$810 million in the first six months of this year—less than a fourth of what it was in the same period of 1972.

Secretary Dent also points to the fact that capital investment is now running about 19 per cent over last year, which he says not only will help meet American demand for goods and services but will pave the way for expanded exports.

Another encouraging sign is the brighter picture of our doing business with the Japanese. In the first six months of 1972 the trade deficit with Japan was \$2.03 billion. In the same period of this year that figure had been slashed to \$900 million.

The Secretary seems acutely aware that his is a job requiring global vision.

"Obviously, we have to give far more consideration and weight to our international economic policies," he told *NATION'S BUSINESS*. "I think that heretofore military and political considerations have overshadowed commercial considerations with respect to our national policy and foreign policy."

On another occasion he has said: "I think that more and more foreign trade will lead to reduction of tensions throughout the world of a political nature and will create more understanding between the peoples of the world. . . . This is clearly evident in recent relations with the Soviet Union."

International trade is not a new field for Fred Dent to furrow. As a textile manufacturer, he played a leading role in getting some of the

major textile exporting nations to voluntarily agree to stop flooding the American market.

Although Mayfair Mills is not among the textile giants, Secretary Dent won membership in the exclusive and prestigious Business Council, which is made up of titans of American business. In 1967, he rose to the presidency of the American Textile Manufacturers Institute, which speaks for the entire textile industry.

Despite a soft Southern accent and an affable demeanor which fits the popular image of a Southern gentleman, Secretary Dent was born in Cape May, N.J., and raised in Greenwich, Conn. He is Ivy League in dress.

When time permits, he and Mrs. Dent engage in favorite pastimes—swimming and tennis. He is not deterred in such pursuits by the loss of a leg to cancer a few years ago (he has an artificial leg).

Secretary Dent, six feet three inches tall, carries 195 pounds—as he did when he played on Yale University's varsity football team. A graduate of St. Paul's School in Concord, N.H., he earned a bachelor's degree from Yale in 1943, majoring in political institutions.

After service with the Navy in the Pacific during World War II, he decided to join the family-owned Mayfair Mills. But first, to learn the business, he spent about a year with Joshua L. Baily and Co., Inc., a New York textile sales firm founded by his maternal great-grandfather.

The Secretary accepts good naturedly the occasional reference to his being a transplanted Yankee in the Deep South. As he told the Senate Commerce Committee during his confirmation hearing last January:

"I well recall that we were the first postwar Yankees in town. Another couple came and we were always invited out together so there'd be someone to talk to us."

After seven months in office the 51-year-old Secretary has not fully accepted the accoutrements that go with that office. Not until his staff insisted that, if he wanted to get work done on a plane he would have to fly first-class, did he partially give up traveling economy class. He still

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Making a Dent in Our Trade Problems *continued*

flies in the back of the plane when he can.

Once, because of poor plane connections, he sat munching peanuts and reading for an hour and a half in the busy Atlanta air terminal. As a Cabinet officer, he could have requested an Air Force plane to transport him. As a matter of fact, he eschews the use of military planes, except in case of emergency.

On another occasion, in New York, he put a phone call through the White House switchboard to his Washington office. When he failed to identify himself, the operator told him to dial the number direct. The Secretary did.

According to his staff, Mr. Dent is unflappable and rarely loses his tem-

nology, modernizing the aging firm, and expanded the one-mill operation to four plants. He is regarded in the textile industry as a pioneer in broadening minority employment.

Despite the shock waves moving through the American economy, Secretary Dent believes the business climate has never been better. He assesses the situation in these words:

"We seem to have achieved a high degree of prosperity. Take-home pay is at its peak. Unemployment is coming down. Last year, more jobs were created than in any year in history—2.7 million.

"Corporate profits appear to be trending in the right direction, although they are still below the 1966 average. And, if anything, it is the

us to work out of our difficulties without destroying the character of this magnificent system which has given us so much?" he asked one group of businessmen.

"Can we find in the business community staunch defenders of this system? Where are the businessmen who are counseling their friends and neighbors to have confidence that the resilience of this system can best restore economic order without the distortions which are inevitably brought upon us by government regulations?"

"We have so very much to lose and yet there are so few who are concerned with defending and broadening the appreciation of what we have.

"The genius of America has been our ability to accomplish through in-



Secretary Dent held important trade talks during a recent swing through the Far East. Here, at the residence of U.S. Ambassador Philip C. Habib in Seoul, Korea, he meets with (left to right) Dr. Sun Kil Kim, director of the Korean Bureau of Trade Promotion, Nak Sun Lee, Korean Minister of Commerce and Industry, and Ambassador Habib.

per, certainly not publicly. But there has been at least one notable exception. A reporter at a news conference, baiting the Secretary, asked him if it were true that all American businessmen are dishonest.

Mr. Dent, not concealing his anger, shook his finger at the reporter and said: "Young man, you couldn't be further from the truth."

In his quarter century with Mayfair Mills, he introduced new tech-

hyperactivity rather than a slowness that should be cause for concern at this time."

If he is a zealot on any subject it is the one he promotes at every opportunity—free enterprise. But he is concerned that some of the people who most share in its fruits—American businessmen—do not adequately defend it.

"Where in this land are voices being heard . . . calling for patience for

centives all the things to which we ascribe proper priority. Yet, during the recent debate here in Washington as to how far back we would roll prices, who was speaking up to point out the danger of shortages, disincentives, rationing, black markets and all the rest of the economic evils that would have befallen our society?"

In the immediate problem areas where Fred Dent is involved his expressions of confidence in this "ge-



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Making a Dent in Trade Problems

continued

nius of America" come on strong, both in casual conversation and in serious discussion.

Mr. Dent concedes, of course, there are a number of rough spots in the American economy, notably inflation and the trade imbalance. But he insists the Nixon economic policies are sound and, given time and the forbearance of the American people, will return this country to a solid financial footing.

First and foremost, he believes, further major improvements in the trade picture will occur as the United States turns more and more to foreign markets to consume its goods. Until recent times this has not been necessary.

"As you know, we now export about 14 per cent of goods produced in this country," he says. "Japan exports 35 per cent of their production. The United Kingdom and Canada export well over 50 per cent of their production. We have lacked the tradition of being export-oriented because we have had the largest domestic market in the world available to us as a nation."

The Secretary notes that devaluation of the American dollar is helping open up markets abroad by making U.S. goods more competitive, and feels that devaluation will encourage American manufacturers to boost future export efforts.

Talking trade up

Because of heightened interest in U.S. trade with the communist bloc nations of Europe and, more recently, with Mainland China, Secretary Dent spends considerably more time with Red embassy officials in Washington than probably any of his predecessors did.

To push the cause of East-West trade, Mr. Dent's efforts don't end at the conference table. On many evenings, he and Mrs. Dent attend social functions at Red embassies where conversation is frequently focused on trade matters.

Recently, he had several meetings with the Deputy Premier of Yugoslavia and at the conclusion attended a reception at the embassy.

"We were served caviar," Mr. Dent recalls. "The next morning I hosted a breakfast for the Yugoslav

delegation and served them grits. Comparing the price per ounce of grits and caviar, even a Yankee trader would call this fair trade."

Although his Department seeks to develop new foreign markets wherever the prospects are favorable, the strongest thrust is by the year-old Bureau of East-West Trade. One of its major functions is to collect and analyze commercial information gathered in the communist countries and pass along the findings to American business. The hope is this will bolster trade relations and open up new markets.

Secretary Dent makes it clear that while trade with Peking may be negligible at the beginning, great opportunities for American business in China will unfold in the years ahead.

"We should do everything we can to see that American manufacturers participate in this insofar as is possible and practical," he says.

Efforts to generate more foreign trade could bear little fruit if Congress emasculates or refuses to pass President Nixon's trade bill in its present form, Mr. Dent believes. Purpose of the legislation, he says, is to open up all markets to freer trade while at the same time denying open access to U.S. markets to those countries which have thrown up barriers against American goods.

"This approach," the Secretary explains, "is premised upon the concept that the American economy can compete successfully throughout the world, and upon the belief that private enterprise in this country will not be content with dependence solely on the American consumer but will seek to take advantage of genuine opportunities for the sale of American products throughout the world."

Closer to home, Fred Dent is disturbed that this country is caught up in an energy crisis that he feels need not have come about. He says the problem is not with nature, since there are abundant supplies of energy resources, but rather was brought on by policies which have prevented their development and distribution.

He cites, for example, the case of natural gas in which, he says, unrealistic government policy has dis-

couraged producers from seeking new sources.

Or how environmentalists have held up the construction of the Alaskan pipeline and forced lengthy court fights to prevent building nuclear power plants. (The French, he says, can build a nuclear plant in half the time because they don't tolerate such interference.)

And how these same forces have succeeded in discouraging coal production and consumption as well as halting construction of badly-needed new petroleum refineries.

Cowering in fear

"In the past, our country has always been willing to face up to technical problems in the confidence that they could be solved," he says. "Yet, today we cower in fear and as a result we may run out of gas or be faced with brownouts at home or see our factories put on short time to conserve energy."

Secretary Dent maintains an active schedule, at home and on the road. He talks to numerous audiences around the country, more often than not businessmen.

While his message is generally serious, there are light moments where a low-keyed sense of humor surfaces easily and naturally.

Not long ago, he appeared in New York before the Far East American Council of Commerce and Industry. At the last minute, its chairman could not be on hand. It was the redoubtable Jim Farley, former Postmaster General and long-time stalwart of the Democratic Party. Fred Dent hastily composed new opening remarks, and when he rose to speak said:

"I am convinced that had he [Mr. Farley] chosen to be a Republican, Herbert Hoover would have been re-elected.

"*The Literary Digest* would have put the Harris and Gallup polls out of business.

"Barry Goldwater would have won by a landslide and the bugs in the Watergate would be a problem for exterminators instead of investigators. And without conceding anything to the opposition, I will admit that Jim Farley made the mail train move on time." —VERNON LOUVIERE

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The Strike Is Thrown for a Loss

Does a current trend mean you'll have less labor trouble in the future?



Is the strike becoming obsolete?

It's a question that might bring a guffaw from many businessmen and a resounding "Hell, no!" from labor leaders.

But there are signs of a new sense of cooperation in unions' relations with management, stemming from this basic point: Strikes are becoming too costly for labor as well as for business.

A shining example of what some labor experts think is the waning of the strike as a union weapon is the unprecedented agreement signed earlier this year between the United Steelworkers of America and 10 leading steel companies.

The pact establishes arbitration for unresolved issues in the industry's 1974 contract negotiations. In effect,

there is a guarantee of no strike in steel next year.

I.W. Abel, Steelworkers' president, and R. Heath Larry, vice chairman of U.S. Steel and chairman of an industry negotiating committee, point out the pact is "experimental" in nature, applies only to 1974 and can be dropped by either side in the future.

"Both parties feel sure this agreement will assure the nation and steel customers a constant supply of steel and an end to the boom-bust cycles associated with past labor contract negotiations," union chiefs and the steel company executive said in a joint statement.

George Meany, head of the AFL-CIO, telegraphed Mr. Abel: "I have just studied the details of the new collective bargaining arrangement be-

tween the United Steelworkers and the steel producers, which includes voluntary arbitration. . . . It seems to me an excellent example of sound collective bargaining and labor-management statesmanship, which may well serve as a model for other industries."

And there are indications that voluntary arbitration—a process in which the two parties to a labor dispute are bound by the decision of a third party called in to resolve their differences—may be catching on elsewhere. In the strike-plagued maritime industry, for instance,

Paul Hall, president of the Seafarers International Union of North America, made a speech in May about work stoppages in which he said:

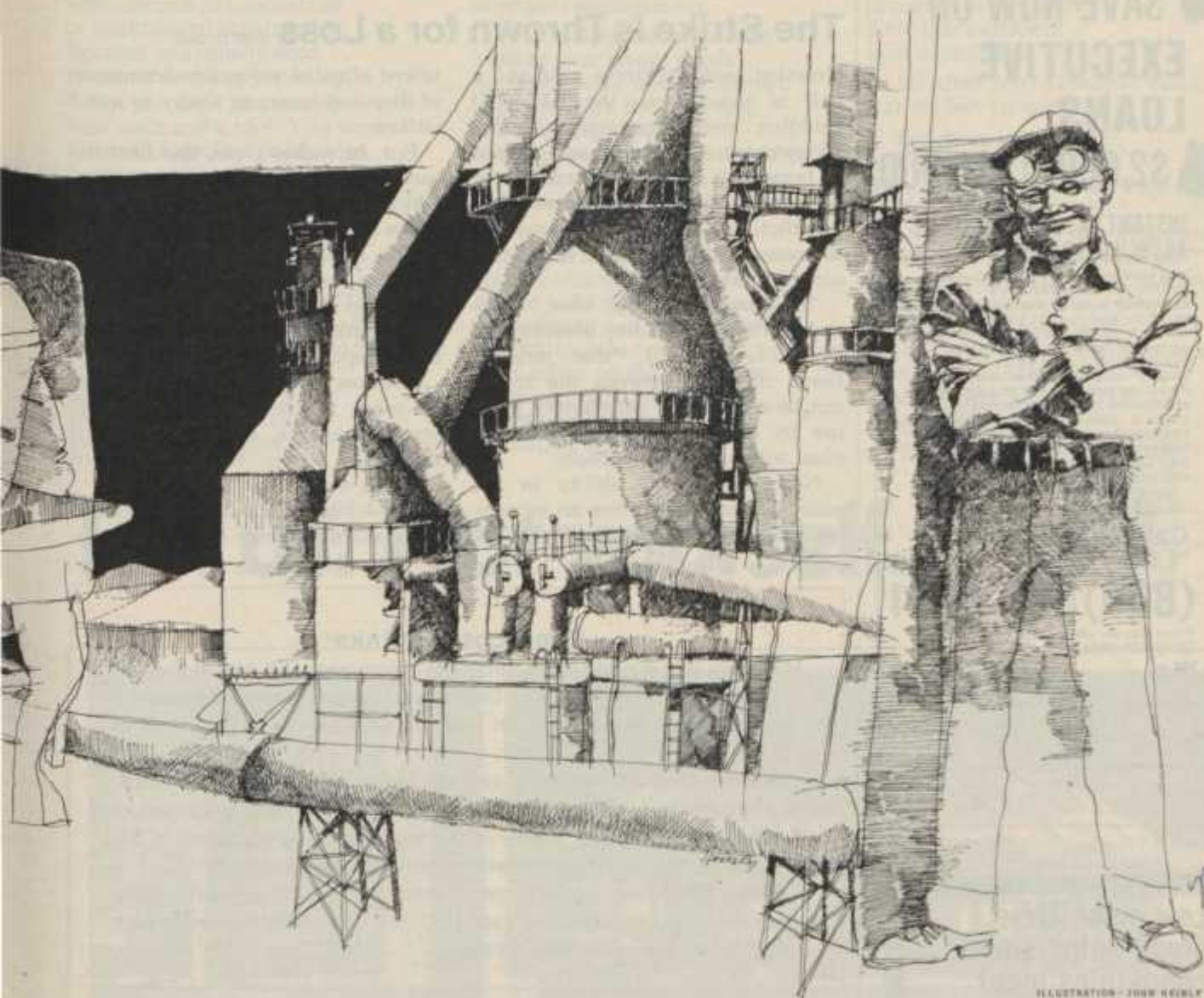


ILLUSTRATION - JOHN HECKLY

"We in the maritime unions know we have the guts and muscle to fight if we have to. But maritime strikes have outlived their purposes. One maritime strike is too many, for whatever the stated reason."

"If the maritime industry is to be rejuvenated, there must be no strikes, no work stoppages, no interference with the flow of ships and their cargo."

In the same boat

Strong self-interest is motivating the stance taken by both the Steelworkers and maritime unions.

Their industries have been declining over the years, nibbled at by foreign competition. In 1971, for instance, some 18.3 million tons of foreign steel came into the United

States, Mr. Abel notes. He estimates this cost his union 108,000 jobs and the 10 leading U.S. steel firms \$80 million in lost business.

The once-strong U.S. merchant fleet is wallowing in its competitors' wake. "The industry is hurting," comments Herbert Brand, president of the Transportation Institute, a research and promotion organization funded by companies in the maritime industry.

A former maritime union man himself, Mr. Brand says the realization has been driven home that jobs are shrinking in a sick industry. "The unions have to demonstrate responsibility so Congress will give the industry the help it needs," he says.

Self-preservation is also influencing union attitudes in another in-

dustry that has been ravaged by strikes over the years—railroads. While there are lots of healthy, growing railroads in the U.S., many—particularly in the East—are in precarious economic shape.

In March, unions agreed to an 18-month contract with the nation's rail lines, more than three months before a moratorium on strikes expired. It was a historic settlement—the first time in railroad history a new contract was settled ahead of deadline and without walkouts.

Moreover, rail unions and management last year finally resolved the fireman dispute, a conflict over featherbedding that had bedeviled the industry for more than 20 years.

Additional progress in halting work stoppages has come in the con-

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The Strike Is Thrown for a Loss *continued*

struction trades. After a year and a half of negotiation, the AFL-CIO Building and Construction Trades Department and major associations of organized construction employers announced a plan for settlement of jurisdictional disputes that have led to many strikes in their craft-organized industry.

"It is our considered view," comments Frank Bonadio, president of the AFL-CIO unit, "that jurisdictional disputes between the trades can be settled in a satisfactory manner by the procedures of the new plan, without work stoppages."

Nonunion labor's ability in the past few years to capture an increasing share of construction work un-

talked often of voluntary arbitration of disputed issues as a way to avoid strikes.

But, he makes clear, this isn't the same as compulsory arbitration, which is a limiting of the right to strike by law or government action.

The AFL-CIO, Mr. Meany points out, has been cooperating with the American Arbitration Association in investigating voluntary arbitration of labor disputes.

"Strikes of people making \$7,500 or more a year just don't make sense," he says, explaining that if they go on strike, "they're overboard within a week."

Hardening public attitudes toward work stoppages may have added im-

Time Loss Shrinks

Man-days lost due to strikes shrank to a nine-year U.S. low in the first six months of 1973, the Labor Department reports. They averaged 1.1 days per 1,000 workers—down from 1.4 days for the same period of 1972.

A Labor Department official says the reduction is mostly attributable to a decline in number and duration of work stoppages of groups of 5,000 or more workers. "Many of the big bargaining situations in the first half of 1973 were settled without strikes," he points out.

Some 4.5 million workers are covered in contract bargaining this year, a 60 per cent increase over 1972. It's one of the heaviest years for such negotiations in two decades.

doubtedly helped put craft unions in a more cooperative frame of mind.

Prosperity breeds caution

Ironically, unions' successes in boosting their members' pay and benefits in the past make a strike tougher to weather for the guy on the picket line.

"Things are different today," George Meany commented recently. "They [workers] have mortgage payments, car payments, college tuition payments—things that did not burden them 20 or 30 years ago. So with every year that passes, strikes become a more serious matter to workers."

As kingpin of organized labor, it's Mr. Meany's position that strikes should be an absolute last resort in labor-management relations. He has

petus to the changes in union attitudes.

Polls conducted a year ago by Opinion Research Corp. show 68 per cent of the public think strikes hurt everybody too much; 59 per cent blame costly union settlements for causing the U.S. to price itself out of world markets, and 62 per cent think unions should be subject to tighter government regulations.

Since such attitudes will eventually be reflected to some degree at the ballot box and affect the type of legislation local, state and federal legislators will support, union leaders and the rank-and-file are quick to pick up the message.

Compulsory arbitration, however, is another matter.

Considered an anathema by labor—and by large segments of business

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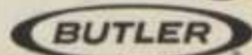


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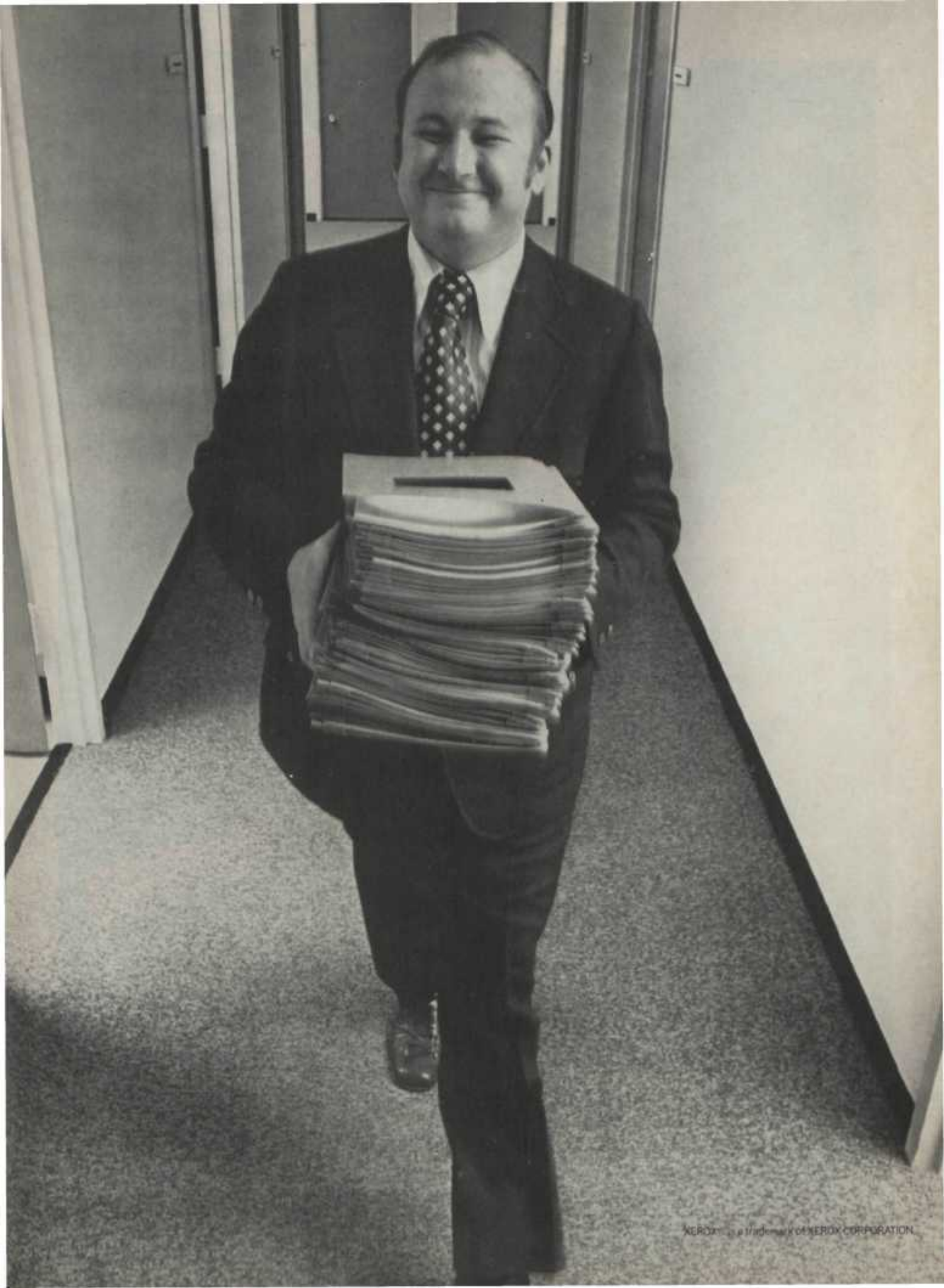
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The Strike Is Thrown for a Loss

continued

as well—was the “crippling strikes” bill in Congress last year that aimed particularly at strikes in the transportation industry. It called for a variation of compulsory arbitration if labor and management couldn’t agree.

The Nixon Administration was supporting the bill for a while, but backed off before the November elections in a show of friendship to labor. The bill never got to a vote.

A “missionary” commission

Since then, the Administration has acted to give the new spirit of labor-management cooperation a helping hand. President Nixon set up the National Commission for Industrial Peace in April and named David L. Cole, a veteran labor arbitrator, as chairman. Members are from both management and labor with Messrs. Meany, Abel and Hall among the labor representatives.

The Commission’s aim is to “encourage, develop and implement” ways to resolve “disputes and collective bargaining in the public interest.”

At its first meeting in June, the group unanimously voted not to pursue any form of compulsory arbitration, Mr. Cole reports.

Describing the task of the Commission as “missionary and educational,” he adds: “I do not favor any form of legislative compulsion, because I’m convinced you cannot compel people to work in harmony unless they have the urge to do so.”

But before concluding that we have entered an era of general labor peace, it’s important to keep in mind that many unions and labor experts reject the idea that the strike is going to become a part of history.

William W. Winpisinger, vice president of the Machinists Union, says: “As far as the Machinists Union is concerned, we reject any alternative to our right to strike. Most decidedly we reject those who would replace collective bargaining with arbitration.”

All eyes will be focused on the steel negotiations next year. If they go smoothly, many other unions and managements may be encouraged to at least try a form of voluntary arbitration as one way to avoid costly shutdowns in an increasingly competitive world economy. **END**



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This Month's Guest Economist



Dr. Roger Klein is a staff economist for Argus Research Corp. in New York City.

Farewell to Phase IV?

Rube Goldberg would have been proud of Phase IV. It is very complex and will further increase the demand for accountants, lawyers, bureaucrats—and economists.

However, unlike the cartoonist's famous machines—complex schemes to accomplish simple tasks—Phase IV will not accomplish its job. It won't reduce inflation. Indeed, the economy will be worse off because of it.

Inflation is here to stay, at least as long as monetary policy continues to be as expansionary as it has been over the past several years. For in the end, it is the tune played by the rate of growth in the money supply to which inflation dances.

In the environment of rapid monetary growth and strong demand-pull pressures, controls of any type can accomplish little good. Indeed, in this environment, controls generate the standard textbook cases of mis-

allocation, shortages, black markets and disincentives to producers. Just how bad Phase IV will be for the U.S. economy will depend on how vigorously the controls are enforced and on the ingenuity of businessmen in getting around them.

Here are some conclusions regarding the likely impact of Phase IV.

Conclusion 1: Phase IV and its sons, if any, will reduce profits. If a Phase IV-type program continues well into 1974, profits' growth next year will be reduced, though not by the 10-20 per cent that a true recession forecast implies. There will be a problem, however, of distinguishing between actual profits and reported profits because of increased incentives to hide as much of the profits iceberg as possible.

Conclusion 2: In a controls environment, with frequent and arbitrary changes in profit and cost base periods, you raise prices when you can, regardless of demand conditions. "Good guys finish last," the saying goes. And companies that try to "do their part" in the fight against inflation will lose out. The industries that appear to be hardest hit by the new base period are steels, aluminum, chemicals and copper.

Conclusion 3: If Phase IV is rigorously enforced, and if the economic system is not fluid enough to avoid most of the output-depressing effects of controls, real output could be up only 2-3 per cent next year rather than the 3.5-4 per cent we have been forecasting. This kind of output growth would be consistent with a higher rate of unemployment than currently exists and with slow-to-zero profits growth.

Conclusion 4: To the extent that Phase IV reduces output below a no-controls environment, the true rate of inflation for a given monetary and fiscal policy will be higher than if there were no controls. Controls, therefore, have the perverse effect of making inflation worse than in a free economy.

Conclusion 5: Assuming—as it is reasonable to do—that inflation will continue well into the future, it seems unlikely that the Phase IV wage guidelines will hold for long. To the

extent that real wages are squeezed now, at the expense of inflation, they will rise faster in the future as labor leaders and workers attempt to recover losses from past inflation as well as to protect themselves from future inflation.

Conclusion 6: Although the economy is slowing, it is not headed for an immediate recession. Real growth should be in the 4 per cent range in the second half of this year. The nation's experience in 1969-70 demonstrated that a recession or a significant slowdown could produce a deceleration in the rate of inflation. This deceleration takes time, however.

In order to cure inflation this time, it would take a much longer or deeper recession. Inflationary expectations are already high and rising. The adjustment to a lower rate of inflation would push the economy through a wringer. First there would be low growth, then higher unemployment and high inflation—the worst of all possible worlds.

In my opinion, the Nixon Administration will not have the stomach for this politically unpopular alternative. Therefore, the best we can hope for will be a tightening in the monetary growth rate to an annual 6 per cent—down from the current 7 per cent. This would produce a slowdown, but not a recession.

Experience has shown that economies are not decontrolled after controls have successfully accomplished their task of reducing inflation. In fact, controls never do.

They go when they become politically unpopular, when they cause shortages that are obvious for all to see, and when there is a public outcry that "we have had enough."

My feeling is that the country is not far from this point. Controls have done little to instill confidence in the dollar in the international money markets. Both businessmen and labor have attacked the program.

The indications are that the American public may be ending its brief love affair with controls and is becoming fed up with them. This augurs well for their removal by the end of the year, and for a relatively healthy economy in 1974.

Handwritten: *My art 9-31-73*

PHOTO: LEO LINDIN—GLASS STAR



FRED GUIDRY'S THREE SONS WILL EARN MORE IN 1973 THAN HE HAS EARNED FOR 200 YEARS.

It's not unusual to find three college graduates in the same American family. Unless it's a family from Opelousas, Louisiana, right in the center of rural black America.

Fred Guidry has been a sawmill worker since 1933, earning at most \$2400 a year. He's locked in a 200 year-old cycle of poverty, ignorance and prejudice that seems almost unbreakable.

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For openers, James, Fred, and Larry graduated from Xavier University, New Orleans in '68, '69 and '72.

Then James spent a year with IBM, transferred to the Los Alamos Scientific Lab, picked up an M.S. in Computer Sciences from the University of New Mexico and is now in the School of Urban and Public Affairs at Carnegie-Mellon Institute.

Fred took his degree in math to NASA's Goddard Space Flight Center, Greenbelt, Maryland and is now in the Solar Physics lab. He tutors children in his spare time and would like to earn a Ph.D. in Earth Sciences with an eye towards geophysics research in Antarctica.

Larry will return to his Ph.D. studies in Chemistry at the University of Pittsburgh after completing his hitch with Uncle Sam.

James, Fred and Larry have an earning potential their father only dreamed of. But they might never have made it without the United Negro College Fund.

We support Xavier and 39 other private colleges that help 45,000 students break out of the rural backwaters and urban ghettos of this country and into 20th century America.

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LESSONS
OF
LEADERSHIP
PART C

Rawleigh Warner Jr. of Mobil Oil

The best job in the world

Rawleigh Warner Jr. is a round peg in a round hole.

He's happy in his home life; happy he has what he considers the world's best job and happy that Mobil Oil Corp., of which he is chairman, is doing nicely.

He even likes being chairman of the American Petroleum Institute at a time when API and the oil industry it represents are being lambasted for various problems—real and imagined—from so many quarters.

Mr. Warner is a direct man and he points up his industry's shortcomings as readily as he points up shortcomings of ecologists and politicians in the continuing argument over energy supplies.

He was born in Chicago 52 years ago into a highly influential oil family. As a tall, slim Princetonian he was very much an example of the Ivy League collegian.

On graduation in 1943 he declined to go to work for his father, who was chairman of Pure Oil Co. Instead he decided to make his own way in the business world. He hadn't gotten far when he went off to war in Italy—and became something of a hero.

As a captain in the Tenth Mountain

Division, he was wounded and decorated with the Silver Star, Bronze Star and Purple Heart. He rowed across the Po River in a rubber assault boat on one occasion with German 88 millimeter artillery firing away. Another time, he intentionally drew fire to himself while vainly trying to save an American soldier.

Toward the end of the war, the young captain and his division commander accepted the surrender of a German general and his division. The German had so much respect for the Tenth Mountain that he would not surrender to anyone else.

A modest man, Rawleigh Warner does not talk easily about his war record.

After the war he went into the investment field, but soon turned to the oil business, working first for Continental Oil Co. before joining Mobil in 1953. Three years later he became assistant treasurer of Mobil Overseas Supply Co. and a few months after that, manager of Mobil's economics department. In 1958, he became manager of its Middle East affairs department. In 1965 he became Mobil president and in 1969 he was named chairman.

Today, besides serving Mobil in New York and API in Washington, Mr. Warner is a director of Time, Inc.; Caterpillar Tractor Co.; Chemical Bank of New York and American Express Co., among others.

He lives in New Canaan, Conn., with his wife and two daughters. His brown hair is thinning but he is as slim as a grenadier.

In this interview with a NATION's BUSINESS editor, at Mr. Warner's office in New York City, he talks about his own career and problems of the oil industry.

Mr. Warner, when you were in Princeton, what did you want most?

To graduate.

After that?

I wanted to get World War II over with.

Beyond that I only knew what I didn't want to be. I didn't want to be a doctor, engineer or some other kind of professional man.

Also, I didn't want to work for my father. I had the most tremendous regard for him. But I always felt that for a son to work in a publicly held company where his father was high

Lessons of Leadership: Rawleigh Warner Jr. *continued*

up would be totally unsatisfactory. If the son had ability and got ahead, he would get no credit because everybody would assume his father had cleared the way. If the boy had no ability, the father could only be disappointed.

So, I got into the venture capital business with a friend in Chicago for two years. Later I worked for a most extraordinary man, "Mac" McCollum, at Continental Oil [See "Lessons of Leadership," *NATION'S BUSINESS*, April, 1967]. I went to Mobil in 1953.

Right now, what do you think would be the best job in the world?

I'm trying to decide—either the job I have as Mobil chairman or the one I used to have, Mobil president. On balance, the job as president is more satisfying because you deal more directly with people and you have direct responsibility for results. But I have to say, in retrospect, that the present job is best. It has varied challenges.

Looking back, I've never had a job I wasn't interested in or challenged by.

I've never worried about whether I would get the next job up the scale. I've worked on the job at hand and let the others come along. A lot of people spend time worrying about what they will do on the next job—and then never get the job.

What basic principle of leadership do you follow?

There is nothing mysterious about business. In a large business, you have to break down the units to manageable size, set goals to be achieved, select the best people, give them authority and responsibilities, and reward those who do the job. The secret is personnel selection and delegation of duties.

What do you do to amuse yourself—as relief from making decisions like whether to spend a bundle on supertankers or another refinery?

Golf. I love it. I play nearly every Saturday and Sunday.

Books. I love escape novels—mystery stories, adventure stories. That's the stuff.

Music. I love jazz. My wife and I

grew up in the Benny Goodman and Glenn Miller era. To me that's the best music there is. We are even getting our daughters to enjoy it, because that's what they hear at home. I also like the Beatles' music—at least some of it.

You're interested in education, aren't you?

Yes, I'm chairman of Princeton's Council for University Resources and a trustee of The Lawrenceville School. I've always had the conviction that no matter what parents pay in the way of tuition, no one pays the full cost. So, I'm trying to do my bit to help raise the money that's needed.

You have a long way to go to retirement—maybe 13 years. But have you thought of what you will do when you call it quits at Mobil?

I hope, as I phase out here, that some of the outside boards I serve on will think I can make a continued contribution. I really would hate to be terribly active up to a certain point and then suddenly drop everything.

Integrity has been taking a beating in politics. What are your thoughts on integrity in business?

I would put integrity at the top among ingredients a businessman must have. Without it a person doesn't have anything to build on. Basic integrity must be at the top of any organization and the philosophy must spread down through the ranks.

The vast majority of businessmen I know have integrity.

Turning to the energy situation, do you feel that environmentalists who oppose such things as the Alaska pipeline and offshore drilling should forego riding in cars and using electric lights?

Some should, because they push causes without knowing facts. I have one fundamental disagreement with them. They never put a cost to what they want. They simply decide what they want and, regardless of cost to everybody else, that's their only goal. In our society there is always a relative cost of things.

Now, what they should do is try

to determine the impact on others. If they did, they would set lower goals.

Is it possible to reconcile differences between the ecologists and the need for energy?

You have to have some "give" on both sides. I don't suppose I'm totally objective, but it seems to me that, by and large, business has given a great deal more than the ecologists have.

Mobil spent \$180 million in 1972 just to make certain we were keeping within the environmental laws. We don't get on the soapbox and pound our chests about that, but it is money from which we are going to get little, if any, monetary return.

Some environmentalists simply want to dictate to meet their own desires, and to hell with the cost.

Still, I think we can get along. I hope so. But, if the environmentalists are going to be successful in putting capricious demands on businesses, then they are going to end up with one result—the United States is going to be substantially noncompetitive in world trade.

If anyone thinks we are in trouble today on our balance of trade, then let them wait a while. We really are heading for trouble.

I don't mean to say we shouldn't have clean air and water, and an attractive countryside. I'm for those things. But there has to be a moderate approach to the standards that are set.

Do Americans, who form 6 per cent of the world's population, have the right to continue using something like a third of the world's energy?

Well, there are those who would say that is misuse of a finite amount of the world's energy. But you know, until recently nobody really worried about who used what proportionate share of what energy. Americans use that amount of energy because of the amazing vitality of our economic system. It's an imperfect system, but still the wonder of the world. And it has been built on the cornerstone of cheap and abundant energy.

Until now nobody really worried about the cost of gasoline when they bought a car, about the cost of heating when they bought a house. Now,



The people we hire are different in a lot of ways. But the same in one.

Ours is a unique company. So the people we want working with us must be unusual, too.

And we don't care about their skin color. Or about their religion. Or what country they or their parents were born in. Or how old they are. Or whether they're men or women.

Our people are expected to handle each project right the first time.

But there's one thing that must be common to them all. Each must be the best there is for the available job, with the desire and drive always to handle each assignment or project right the first time, every time.

Our company is constantly growing. That means we always have need for experienced executives at the upper levels.

For the same reason, we always need people for middle management jobs. We want them to be innovative. And move ahead.

What does it take to work for us—and move ahead?

We have plants or facilities in 93 countries and sales outlets in 39 others. And we're in a wide variety of businesses—from telecommunications and food processing to hotels, community development and publishing.

It's a highly competitive, demanding world we live in. So we insist that our 428,000 employees, worldwide, do the best they can so we can do the best for them.

If you come with us, you'll

have a future with far more than ordinary promise.

A future with us holds more than ordinary promise.

But you'll have to be the best there is for the job—and realize that you're consistently going to perform much better than you think you can now.

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Lessons of Leadership: Rawleigh Warner Jr. *continued*

of course, costs are going up—and we are going to buy fewer big cars.

Dick Gerstenberg [board chairman of General Motors Corp.] and I were interviewed by the press recently and Dick said the percentage of small and intermediate size cars sold in the late 1940s was about 22 per cent, but only 8 per cent were really small cars. Last year the percentage of intermediates and small cars was up to 46. Really small cars made up well above 20 per cent of that total. This year small cars and intermediates will top 50 per cent.

So more and more people are saying:

"Do I need this great big thing that gets me eight miles a gallon? Why don't I buy a smaller one?"

As the cost of energy goes up, demand for energy is bound to diminish.

How much will we be paying for a gallon of gasoline in five or six years?

I don't know. It depends on what crude will cost then and on the cost of transporting crude, especially from the Middle East. And, what will new refineries cost in five years?

As an example of what they cost now, Mobil has just built a 160,000-barrel-a-day refinery at Joliet, Ill., that cost over \$200 million. Since it takes from three to five years to complete a refinery, we can't say what future refineries will cost.

One thing you can say is that the price of gasoline is going up. And the U.S. government is talking about an increase in the gas tax. There's talk of adding from five to 10 cents a gallon to the tax.

Is it true that although 477,000-ton oil tankers are operating today, only one or two American ports can handle even a 90,000-tonner?

Yes. The fact is now significant because we rely more and more on oil imports. We need supertanker anchorages in this country, just as we need big, 48-inch pipelines. Costs are reduced when you use big ships and pipelines.

Today, we send the big tankers into Caribbean ports, pump oil ashore into tank farms, and then pump it into 80,000-tonners which can bring it into American ports.

Every time you pump oil around, you spend big money.

It's interesting to me that environmentalists are against large tankers. They don't visualize that chances for an accident are increased greatly when you use several 80,000-tonners instead of one big one—even though, admittedly, when you run a big one on the rocks you spread more oil than you would with an 80,000-tonner.

What we ought to have are man-made offshore islands where tankers off-load and oil is pumped ashore in pipelines.

How serious is the refinery shortage in this country?

Very serious. There should have been incentives for us to build refineries here instead of being forced to build them in the Caribbean.

It doesn't make sense to export capital and jobs. Besides, we need refineries at home for defense purposes. People worry about having to import oil from the Middle East. They say that's bad for defense. Well, what about all the refineries in the Caribbean and South America? We can't control those governments any more than we can control Middle East governments. The situation is equally bad for defense.

What's wrong is that everybody here wants oil and gas but nobody wants a refinery in their backyard. Actually, refineries don't have to be that bad. In three or four years our Joliet refinery will be practically out of sight to the public. White pine trees will ring it. And the water we take from the Illinois River is put back cleaner than when we got it.

What shape is the country in vis-a-vis defense and energy?

We have little reserve capacity. We produce about 70 per cent of our needs but the percentage is going down. In eight to 10 years we expect to be importing about 50 per cent of our requirements. So, only 50 per cent of our needs is really secure.

We can improve on that if we can explore offshore where, our geologists tell us, great resources of oil and gas can be found. And, of course, in about 15 years we should be getting oil and gas from coal and oil shale.

Will Middle Eastern oil be largely nationalized and out of control of American and British companies anytime soon?

My instinct is to say No. Sheikh Ahmed Zaki Yamani, the Saudi Arabian minister for petroleum, has committed himself and his country to participation with oil companies. It's a partnership arrangement—51 per cent Saudi, 49 per cent for the companies.

Iraq and Algeria and Libya have done some nationalizing. Eventually, Persian Gulf countries will own 51 per cent shares.

How do you compare attitudes of nations surrounding the North Sea basin with American attitudes toward offshore drilling?

Environmentalists and politicians can discourage me. And I'm discouraged by our industry. It hasn't done an adequate job explaining to the American people the problems of finding oil.

Areas we are satisfied have the greatest potential for the United States, not counting the Alaskan North Slope which has barely been touched, are offshore. But we are hindered in our ability to search there.

We have environmentalists and politicians who want to completely mark off the whole East Coast from any drilling. Yet, look at the Gulf Coast of Louisiana, where there are thousands of producing wells. There's been a minimum of accidents. And look at the Santa Barbara Channel in California. There was the unfortunate accident there but it left no permanent damage to the ecology.

What have North Sea nations done? They have given every incentive to drill and explore. Why? Because every one of those nations wants to control its own energy supply. They have lived on imports. They recognize the risks in living on imports.

By what right can any country sell mineral rights to ocean acreage far beyond its territorial waters? For example, what right does Britain have selling you at Mobil drilling rights 100 miles out? Why can't I just go and drill, since I'd be in international waters?

I'll give you one answer. The Royal Navy would run you off.

Why couldn't you take the Royal Navy to court?

What court? There is none that would take the case. What's happened is that Britain, Norway, Sweden, Denmark, Holland, Germany and France have said: "We have a



Watching a new refinery go on stream would bring a smile to any oil man's face, as it does here for Mobil's chairman in Joliet, Ill., recently.

common saucer full of water and oil. Let's draw up an international agreement not to encroach on each others' slice of North Sea."

If you go out there and try to create a ruckus, you're going to have not only the United Kingdom on your neck, but everybody else as well. So beware.

How much oil is under the North Slope in Alaska and Canada?

We really don't know. When you find one multibillion-barrel field in a province, odds are clearly in your favor that you will find others.

The pity about Alaska is that the failure to get the pipeline has discouraged drilling. Another big problem up there, over in Canada and on the Arctic islands, is the horrendous expense and effort needed to get the oil and gas to markets. It's got to be expensive gas and oil.

What do you foresee in obtaining liquefied natural gas from the Soviet Union?

Well, Dr. Armand Hammer of Occidental Oil claims he has a letter of intent—with details to be worked out later—for a deal to liquefy and transport \$10 billion worth.

The problem is that gas would be laid down in the United States at upwards of \$1.50 a thousand cubic feet. That's expensive. In comparison, pipelined gas from the Southwest U.S. costs an average of 50 cents per thousand cubic feet at East Coast destinations.

And too, American money will have to be spent on building those plants and pipelines. I don't understand why politicians don't see that those billions should be spent developing domestic gas supplies. Domestic gas would sell for far less.

Any responsible geologist will tell you that if incentives are provided, there is still a very great deal of gas to be found in the United States. That gas is safe gas—gas under our control, not under some other country's control.

What is your reaction to the Federal Trade Commission's current attempt to break up major American oil companies?

We believe the oil industry is doing everything that it can to alleviate continuing shortages of petroleum products in this country. Just as we are beginning to make progress, the FTC has issued a complaint charging us with monopoly.

Far from protecting the consumer, any mandated change in the industry's manufacturing and distribution system would serve only to aggravate the shortages and increase the cost of products to the consumers.

Mr. Warner, what have been your industry's greatest mistakes?

We tend to talk to ourselves instead of to the consumers and politicians. We find it easy to tell other oilmen how poorly we are being treated. What we should do is tell our many publics the basic facts.

The oil industry is midway down the list of industries in rate of return on capital. When you look at Mobil and see we made \$574 million in a year, that sounds like a lot of money. And it is. But it really isn't when you relate it to the kind of capital that we must invest. Relate \$574 million to our \$9 billion of assets.

Then there's percentage depletion. The depletion provision worked. It put money into drilling. However, as I look at the issue with the benefit of hindsight, I think the industry would have been better off if, 47 years ago, we had had no tax depletion allowance but instead had increased the cost of our products to the point where we would have gotten the same rate of return that we have with the depletion allowance.

Consumers would have paid more. We would have spent the same on exploration and development. But, no one would have claimed we had a tax loophole.

So we have a double communication problem. One, we oilmen are still talking to ourselves too much. Two, we find it exceedingly difficult talking to people who start out on the premise that what we are telling them really isn't a fact at all.

Now, having said that, I do think that managements of oil companies are changing. Younger managers are coming to the front. They don't have the background of the old days.

They are trying to live in the environment that exists today and I think they are going to be more adept at communicating with people who aren't on our side. **END**

REPRINTS of "Lessons of Leadership: Part C—Rawleigh Warner Jr. of Mobil Oil" may be obtained from *Nation's Business*, 1615 H St. N.W., Washington, D.C. 20006. Price: One to 49 copies, 50 cents each; 50 to 99, 40 cents each; 100 to 999, 30 cents each; 1,000 or more, 20 cents each. Please enclose remittance with order.

Context sheets & transparencies are filed in context sheet folders under photographs none

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Giving an Office Building a Personality

Virginia lives at 77 Water St., in the heart of New York's cold, busy financial district.

Unlike her environment, she's soft and cuddly, although—at 250 pounds—quite an armful.

Drop 25 cents in Virginia, push a button, and she breaks into hysterical laughter—then delivers a can of your favorite soda pop.

That's when you realize she's actually a soft-drink dispenser, not an overstuffed, vinyl version of an Easter Island stone head.

Virginia's not the only oddity at 77 Water St.

For example, instead of a lobby, the 26-story building has an open plaza, with a meandering pool and a grove of honey locusts which, in summer, shade outdoor tables and chairs used by passersby or noon-hour picknickers.

On the roof, there's a replica of a World War I Sopwith Camel fighter, parked on a landing strip of Astro-Turf.

Not far away is an even newer building at 127 John St.

It, too, lacks a lobby. Instead, there's an open space with bent metal love seats, and a T-shaped corrugated steel tunnel ringed with blue neon lights that leads to the building's banks of elevators.

On one side of the building is an oblong, 50-foot neon clock that flashes the time in vivid, king-sized numerals.

On the fifteenth floor is the machine room.

It's the building's mechanical heart and lungs. Usually, this equipment is hidden in the bowels of a building. But not here.

Instead, the maze of pumps, generators, huge air ducts and water pipes is highly visible, behind huge glass windows. All the equipment is painted in bright colors—spring



PHOTO: ROBERT PHILLIPS

She may not be lovely to look at, delightful to hold, but Virginia the soda pop vendor will deliver you a cold soft drink—for 25 cents.

green, periwinkle, daffodil yellow and vivid red.

At night, pulsing lights give the machinery the illusion of life.

No. 77 Water St. and 127 John St. have one thing in common: Melvyn Kaufman. So does a new office building at 747 Third Ave., which has its own distinctive aspects.

Mr. Kaufman, or rather his family's firm, built all three.

While the unusual features strike some as bizarre, he sees them differently.

"Our buildings," he says, "are part of the landscape.

"When you place before the public



You can tell the time by this king-sized clock that doesn't tick, tock—but flashes the seconds, minutes and hours in neon numerals.

A sculpture of a bicycle which looks like it took too sharp a turn stands at one entrance to the Kautman firm's 32-story building at 127 John St.



A walk through this brightly-lit steel tunnel leading to a bank of elevators will wake you up if you're still drowsy in the morning.



No one's gotten seasick yet in the red-enameled elevator cars—others are blue—that whisk tenants to work after their trip through the tunnel (left).

COLOR PHOTO: ROBERT PHILLIPS

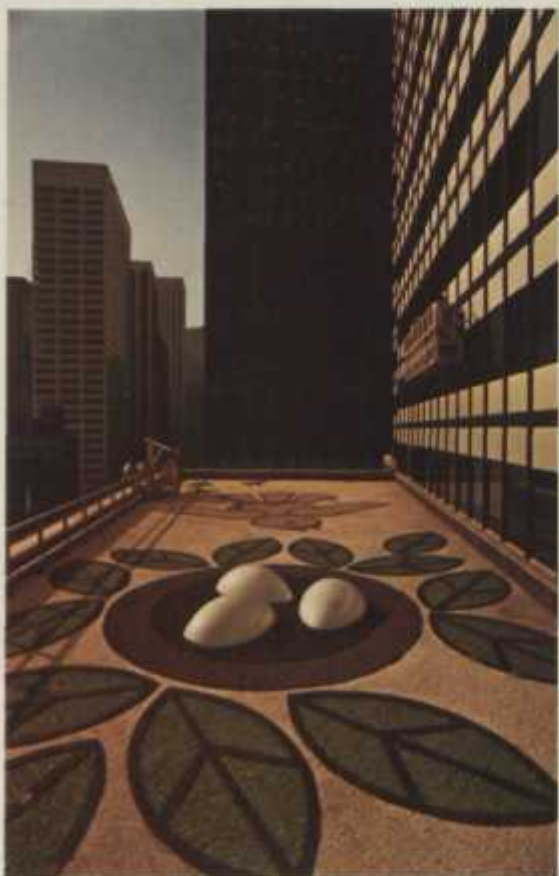
Giving an Office Building a Personality *continued*



Mr. Kaufman, a maverick builder, is proud of the colorful ducts and plumbing that make up the "life support system" at this skyscraper.



Pamela Waters is an industrial designer who likes to create street scenes that please people. These murals gracing a loading dock at 747 Third Ave. are her work.



A giant bird and her nest (complete with three-dimensional eggs) are on a setback at 127 John St., safe from a cat on the building's other side.



Designer Waters discusses a construction detail with labor foreman Joseph Buffa at the Third Ave. building.



No, it won't really fly. It's just a rooftop decoration at a Melvyn Kaufman building in New York City.

a structure of the size and scale we work in today, it should be more than just a pile of masonry. It should contribute something human and enjoyable. Ours have personality.

"If other builders would do the same, it would change the face of New York City overnight."

The William Kaufman Organization was named after its founder, Melvyn's dad, now 76.

Unlike conventional corporations, it has no officers.

"We're all three partners," Melvyn Kaufman says. "My father, my brother Robert, and I. We each handle different departments."

It also has an idiosyncrasy about numbers. All of its office buildings have the figure seven in their street addresses.

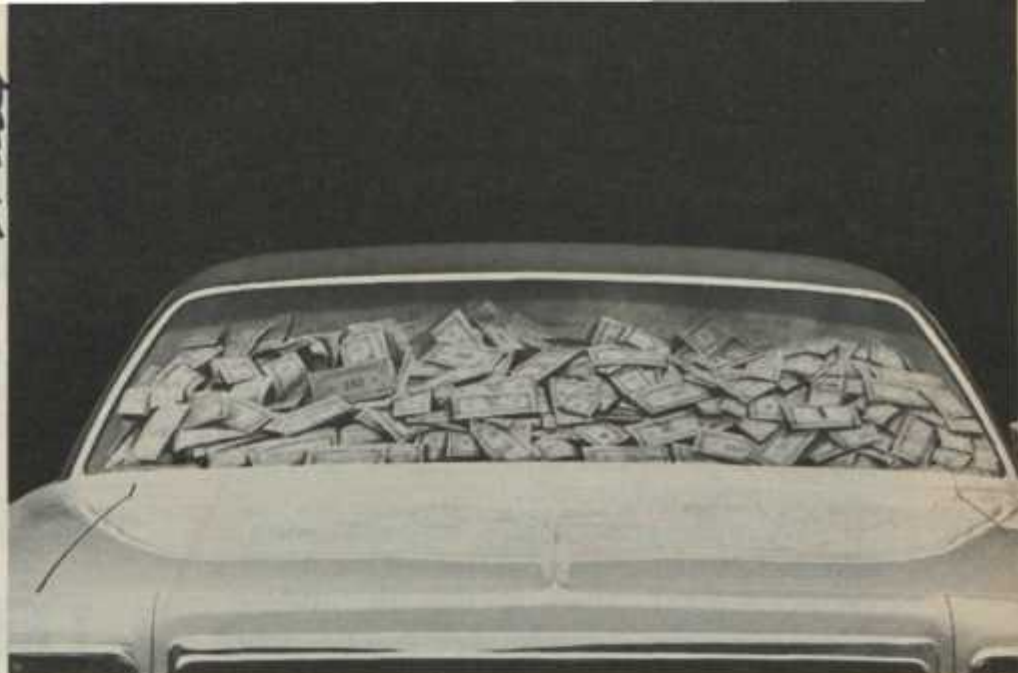
"We'll build anywhere," Melvyn Kaufman says, "if the address winds up with a seven in it."

And, of course, none have a thirteenth floor.

"This is a family organization," he says. "And those policies were laid down by my mother. She's very superstitious, but who isn't?"

How come his mother got her way?

"You don't tangle with Momma," he explains. END



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Why tie up money by buying company cars? When you lease them, you free your company from a major capital investment that doesn't earn a thing.

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LEASING SYSTEM**



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We've been making typewriters for 70 years...well enough, apparently, that we have become closely identified with them ...at the expense of the fame our other products so richly deserve.

We've backed our equipment with a nationwide factory-trained service force totaling 4,023 people in 1,181 service centers. This means Royal typewriters tend to stick around until they become family heirlooms, adding to our identity crisis.

So we assembled a representative sam-

pling of all our products for a joint appearance in this historic advertisement. All told, the Royal family includes two office electric typewriters,

You can multiply, and

ROYAL CITATION™

A professional electrostatic copier no bigger than a typewriter (naturally) and priced at little more.

ROYAL ROYFAX 1700

Ultimate quality in electrostatic copying; available with Royal's copy service plan.

ROYAL BOND COPIER

The Supercopy Machine. Copies so faithful, we're tempted to say, "It makes originals!"

Designed to make available the best features of deluxe electrics in the medium office electric class.

**ROYAL 590
OFFICE
ELECTRIC**

type us.

one office manual, eight portables (including three new electrics) four copiers, two adding machines, and four calculators. And watch this

add, subtract, copy us, too.

ROYAL ROYFAX 1800™

High volume copying without high volume costs. Under Royal's copy service plan, you pay for the (electrostatic) copies only as you make them.

ROYAL 470

Our 70th anniversary model of the machine that started it all—the consistently dependable Royal office manual.

ROYAL SABRE®

Every significant manual portable typewriter feature—including Magic Margins®—for he who still insists on a fine manual.

ROYAL APOLLO®

Print-perfect electric, priced like a manual portable.

ROYAL DELUXE ADDER

The electric adder with keepable tape record.

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The latest technology in features and economy.

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The world's finest multi-featured electric portable. Period.

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The latest features in a shirt-pocket size calculator supported by the most wide spread service operation in the land.

ROYAL 970 OFFICE ELECTRIC

"Will produce better quality presswork at higher speed with less noise and effort than either the IBM D or the IBM Selectric"—Nationwide Consumer Testing Institute.

space...we're expecting.

So don't type us...add, subtract, multiply, divide, and copy us, too. We've been peering over your shoulder for three generations, and we're uniquely qualified to play a lot of roles in the daily drama of office and personal communication.

Soon we'll be pulling all those roles together in a new approach to office word flow. Royal branch offices and dealers are where you are.



ROYAL

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adding, subtracting,
multiplying, copying...



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Ever been a little short on cash?

Well, it happens to America, too, though not quite the same way. Managing the public debt can be a hassle, when too much of it is short-term and concentrated in the banking system.

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You see, Savings Bonds are not only a cornerstone of federal debt financing, but one of the least inflationary ways America can borrow money.

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Forty years ago in Nation's Business
(established 1912)

NATION'S BUSINESS

SEPTEMBER, 1933. Is Recovery Reaching the Consumer?—The New National Budget—Timely Aspects of Foreign Trade

NRA
 NO BO BOY AWT

The blue eagle, of course, was not to last long. The regal bird was brought down by a chicken farm. In May, 1935, in the case of Schechter Poultry Corp. vs. United States, the Supreme Court invalidated the NRA's compulsory code system. The agency was phased out in 1936.

65

BUSINESS

A LOOK AHEAD

BY GROVER HEIMAN
Associate Editor

AGRICULTURE

Microwaves, those ultra-high-frequency radio waves that cook food and bring television viewers UHF programs, have another use—as weed killers.

Recently unveiled by Oceanography International Corp., College Station, Texas, is a space age machine on wheels called the "Zapper," which beams a swath of microwave energy as far as two feet into the ground.

This energy is absorbed by weeds, causing plant molecules to rotate or twist rapidly.

Resulting damage to the internal structure of a weed kills it.

Since no chemicals are involved, planting of crops can take place immediately. Yields of treated fields have increased from 35 to 60 per cent.

Cost per acre is an estimated \$15. Further uses for the 22-foot-long, diesel-powered Zapper are seen in algae control, and in weeding along highway and railroad rights of way and at industrial sites, not to mention in home gardens.

TRANSPORTATION

A streamlined rate-changing procedure is being proposed that would ease some of the perpetual bind frustrating regulated carriers.

After wage increases, carriers have to go through a lengthy process with the Interstate Commerce Commission to get a rate change to offset the added labor costs.

Recognizing this, ICC is thinking of starting a process under which it would consider increasing rates for carriers up to 2.5 per

cent in any calendar year when labor costs have increased 5 per cent or more.

The Commission notes that labor soaks up a relatively high proportion of carriers' total operating revenues and that "the payment of higher negotiated labor costs cannot be immediately offset." Under the new procedure—faster than the normal processing of cases—carriers could at least partially recoup increased labor costs.

HUMAN RESOURCES

More and more insurance company involvement in HMOs—health maintenance organizations—seems probable.

According to the Health Insurance Institute, at least 46 insurance companies are participating in or have "exploratory interests in the operation" of HMOs.

This is credited with being a significant factor in the doubling of the number of these prepaid group health plans in the past three years. There are now an estimated 200

HMOs. Insurance companies are involved with 63 of them.

"While no officials are predicting an immediate boom in HMOs," says the Institute, "some eight million Americans are already paying their doctor and hospital bills this way."

Insurance companies by mid-1973 had loaned approximately \$4.5 million for new HMO development and more than \$21 million in mortgage financing.

MANUFACTURING

One of the best-looking growth curves around this year will be that representing shipment of general aviation aircraft.

Nearly 6,800 had taken wing by mid-1973 and billings were up 59 per cent over the same period in 1972. Edward W. Stimpson, president of the General Aviation Manufacturers Association, predicts an even stronger second half, with the total net billing for the year nearing \$800 million. The highest net billing in history was in 1969—

\$639 million. About one fourth of production is exported.

Some 140,000 general aviation-type aircraft are operated in the U.S., along with about 3,000 airliners.

GAMA officials say that approximately 70 per cent of all general aviation flying is for business purposes. General aviation planes carry one in three intercity air passengers. Many are carried by the 40,000 general aviation aircraft owned by nonaviation firms.

CONSTRUCTION

Unquestionably feeding the construction boom in recent years and likely to make the industry more stable in the future is the "singles" market.

A Census Bureau report indicates that households made up of persons living alone or with nonrelatives are increasing almost three times as fast as family households.

About 68 per cent of the nation's households now are husband-and-wife-headed families; 12 per cent are families with only one parent in the home; and the remaining 20 per cent—14 million—are households of

singles. The Bureau says 12.6 million persons in the last category live alone. The largest increase in the past three years for this group was posted by under-35-year-old males—up almost 64 per cent.

And what style of single-family dwelling do Americans of all ages prefer?

According to the J.I. Kislak Mortgage Corp., of Miami, Fla., a seven-state survey found slightly over half of the buyers preferred a ranch-type home.

Among those under 30, however, modern was first preference.

CREDIT AND FINANCE

Permanent debt is going to be a perennial way of life for the farmer who wants to stay competitive.

Predictions are that national farm debt will rise 8 per cent this year, to a total of \$75.8 billion.

The changing face of agribusiness is shown by the extent of real estate debt, which in 1946 totaled \$4.8 billion. By the end of this year it's expected to have risen to \$34.5 billion.

The idea of permanent debt may be anathema to the farmer, but he's finding

that his business is like other businesses. To make needed capital improvements, he often has to seek outside financing.

Few farm operations are large enough for incorporation and sale of stock to investors to be practical. Less than 1 per cent of U.S. farms are incorporated—about 20,000 out of 3.1 million.

But plowed-back profits may help many farmers to avoid borrowing this year—net farm income, which reached an all-time high of \$19.2 billion in 1972, is predicted to top \$22 billion.

MARKETING

Expect to hear more about monopsony, as businessmen campaign on Capitol Hill for drastic changes to improve government procurement practices.

Monopsony is the opposite of monopoly—the situation where one customer dominates a market.

A classic example of this is the federal government as the buyer from the aerospace industry.

The Aerospace Industries Association, after studying the situation at length, recommends that Congress establish an independent Government Procurement Practices Board charged with overhauling and moni-

toring the procurement process. The main criteria, the Association says, should be:

"That the conditions and outcomes of the procurement process should, to the fullest extent feasible, be those that would result in a free market in which the powers of the buyer and seller are more evenly balanced."

While the monopsony problem is most visible in the aerospace defense procurement area, the Association notes that the government as a buyer of goods is more and more affecting marketing in such areas as mass transit, health, education and environmental protection, and is following "precedents set in the defense and space fields."

NATURAL RESOURCES

The warm Gulf Stream, which provides fantastic fishing and affects the nation's climate as it courses northward, may also help solve our energy needs.

National Oceanic and Atmospheric Administration scientists suggest harnessing the Stream's energy to drive turbines that would produce electrical power.

The idea would be to plant "underwater windmills" in the Florida Current, a major component of the Stream which is said to have more than 50 times the total flow of all the world's fresh water rivers. Opposite

Miami, the Current sometimes reaches a velocity of 5.5 miles per hour near the surface.

The Current could easily produce about 25,000 megawatts—the output of 25 of the largest power plants now in operation—if all its energy were harnessed. NOAA scientists say that putting 200 underwater turbines into the channel between Miami and Bimini, in the Bahamas, would produce 1,000 megawatts. The bank of turbines, at depths between 100 and 400 feet, would be 12 miles long.

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BURGLARY—TAPE 1

No business can be fully protected against burglary. But here's where you'll learn what you *can do* to lessen the chance of it happening to you. You'll discover how you can tell if your place is being cased — learn how you can avoid an inside job — discover what burglars may like about your business — get a practical checklist for opening and closing — and suggestions on what to do should a burglary occur. Plus, you'll learn what kinds of locks, alarms, lights, safes, as well as employee training procedures, will discourage burglars from striking your business.

PROTECTING PERSONAL POSSESSIONS— TAPE 2

Protect yourself—and your family's possessions—while at home, at the office or away on vacation. You'll discover what to look for in evaluating the safety of your home. Learn whether or not you should install special locks. Find out how you can prevent a break-in. Get tips on what to do with jewelry, paintings, stock certificates, art objects—and other valuables while on vacation.

PILFERAGE—TAPE 3

The threat from within. This tape will spotlight the crime which is costing American businesses 6 billion dollars a year. You'll find out what the typical employee pilferer looks like—receive cautionary warnings on misplaced trust—hear ideas on how the small businessman can protect himself—be alerted to methods for keeping employee hands out of the till—learn the 12 danger signals for embezzlement—and get help in establishing an improved hiring program which will aid you in screening out would-be thieves.

SHOPLIFTING—TAPE 4

Where do shoplifters most like to "shop"? You'll find out as you listen to convicted shoplifters tell how *you* make their job easy. Learn the telltale signs which expose shoplifters—how store layout, employee surveillance and protective devices can reduce the threat of shoplifting—and what legal action you're responsible for once you've apprehended a shoplifter.

ROBBERY—TAPE 5

Robbery is the smallest crime against business in terms of dollar loss, but the most dangerous in terms of personal injury to you or to your employees. In robbery prevention you need to (1) Reduce odds of being robbed... (2) Reduce the risk of personal injury... (3) Minimize your personal loss to the robber... (4) Make it easier to capture the criminal and convict him. Here are tricks to keep your business from being a "set-up"... keeping cash out of the robbers reach... being alert to the evidence left... and most important, protecting life and limb of the innocent.

BAD CHECKS—TAPE 6

On this tape, you'll hear professional check writers discuss their techniques for unloading bad checks on eager and unwary salesmen. You'll pick up tips on how to recognize a fraudulent check—discover the key flaws which signal trouble—receive help on establishing identification and signature procedures—suggestions for implementing a sound check cashing policy—advice on when to refuse a bad check—and your probable odds on recovery should you receive a bad check.

BUSINESS



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MISCONCEPTION:

It doesn't make sense for utilities to promote the use of electricity in the face of an "energy crisis."

FACT:

Electricity must be available whenever — and in whatever quantity — customers require it. Since it can't be stored in large amounts, generating facilities must be available to meet the period of highest use. Since the use fluctuates greatly, part of an electric utility's marketing job is to try and level the highs and lows as much as possible in order to achieve the most economical use of costly electric power facilities. For customers of The Southern Company system, the peak period of use is the summer — primarily because of air conditioning. Therefore, the system promotes the use of electric heating in the winter — the major off-peak period. The system also promotes

Part of 1,183-ton turbine generator being installed. Completed plant will cost over \$440 million.

the off-peak use of security lighting at night. This balancing of electric energy requirements helps the operating companies achieve better plant utilization. This, in turn, helps keep electric rates lower than they would be otherwise. Thus, customers as well as stockholders benefit. If you'd like to know more, write for our pamphlet on electric utility marketing. The Southern Company, Dept. 342DN, P.O. Box 720071, Atlanta, Georgia 30346.

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Picking Your Own Work Time

Flexible hours, some businessmen find, can make for happier employees—and happier companies



The idea arrived in this country as quietly as cat's paws landing on a soft carpet.

No one heard or said much when Control Data Corp. decided to begin an experiment with the European idea of flexible working hours for some employees at its Minneapolis plants on April 3, 1972.

Soon, Control Data was quietly expanding the program, in which workers whose duties can be performed outside a rigid schedule are permitted to set their own hours.

For the past year, 1,300 of the company's 38,000 employees have been in the program. And more are expected to join in. Control Data recently decided to give the concept a chance elsewhere. Management of all the company's various departments, with installations in many cities, will assess the program and decide whether to give it a try.

In Germany, where the idea was conceived in 1967 at the Messerschmidt-Bolkow-Blohm aerospace firm, such a program is called *gleitzeit*—gliding time—or *gleitende arbeitszeit*—gliding working time.

In this country, it's apt to be called "adaptable hours," or "flextime."

Control Data employees liked flextime from the beginning because it permitted them to tailor their working hours to personal needs. The corporation liked flextime because employees liked it. Morale on the job improved, it was found, because of improved home lives. For one thing, notes Roger G. Wheeler, vice president for corporate personnel services, flexible hours "make better mothers and fathers out of our employees."

Executives at Control Data, like their counterparts at Messerschmidt, had been impelled to try flextime by what was happening mornings. There

were traffic pile-ups when so many workers tried to drive to plants at the same time. Employees were late, or sometimes even gave up and went home; nerves became frazzled; work suffered; time and money were lost.

But with workers arriving and departing at different hours, traffic jams were nothing like as bad. This gave workers more time at home, and it reduced tensions. Also, with more leeway on work schedules, mothers could be home when the kids came from school, it was easier to handle such necessities as shopping and visits to doctors and dentists, and recreational doings were arranged more easily.

Flextime was so successful in Germany that soon Volkswagen, Siemens, Lufthansa, Boehringer, the government's Ministry of Transport and even the Frankfurt office of the American advertising firm, J. Walter

Picking Your Own Work Time *continued*

Thompson, joined in. The idea was adopted elsewhere in Europe. In Switzerland, Nestlé Alimentana S.A. went on flextime, as did Sandoz Ltd.

Allen & Hanburys Ltd., a British pharmaceutical and chemical firm which has allowed employees flextime privileges for several years, finds they average 90 minutes per month more work than required.

In all, more than 5,000 European companies now use flextime.

Lufthansa, Nestlé and Sandoz subsidiaries in America tried out the idea and liked it. But since those three companies all are headquartered in Europe there was a tendency to write off flextime as a European concoction that American companies would not go for.

That conception is in the process of being proven wrong.

Today, as many as 30 large U.S. firms—Control Data and Hewlett-Packard Co. were among the pioneers—and perhaps 200 smaller ones are letting appropriate employees select, within limits, their working hours. So are a number of local governments.

Some companies have used the

services of New York's Flextime Corp., a subsidiary of a German firm which has gone into the business of providing advice and time-keeping machines to those wishing to try the system.

Each company has its own particular version, although all have similar traits.

Control Data permits certain employees whose tasks depend on each other to decide as a group when they wish to work. Scores of individuals who work entirely on their own also set their hours.

Some American companies won't permit flextime among production workers, but Control Data does—although not on assembly line-type jobs. Some Control Data employees go to work at 7 a.m., take only a half hour for lunch, and leave at 3:30 p.m. Several report at 4 a.m. and leave before noon. Later working hours are permitted and Mr. Wheeler says the company is "entirely pleased with the experiment" although "unlike some companies, we make no claim that production has increased."

Smith Kline & French Labs has 70 employees on flextime at a research

facility near Philadelphia, and so far the program is working well, the company says. The company has a 35-hour workweek. Flextime employees must be on the job between 9:15 a.m. and 3 p.m. In addition they must pick up needed hours anytime between 7 and 9:15 a.m. and between 3 and 6 p.m.

Scott Paper Co. has 1,300 on "adaptable hours" at its corporate headquarters and research and engineering departments, also near Philadelphia. Workers must be present during the middle part of the day, but otherwise they can report as early as 8 a.m. and work as late as 5:45 p.m.

With Boeing and Westinghouse having large plants nearby, traffic around the Scott plant is horrendous, and a new highway will soon dump additional cars into the neighborhood. This factor alone was reason enough to try flextime. Scott workers can report at any early-morning 15-minute interval, they can rearrange schedules on a weekly basis, and can make changes on short notice if good reasons are given.

Samsonite Corp. has 40 workers on

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flextime in its corporate office in Denver. The work day runs from 6 a.m. to 6 p.m. and employees, who put in eight hours, can report anytime between 6 and 9:30 a.m. Everyone, however, must be on the job during "core hours"—from 9:30 a.m. to 2:30 p.m.

The company has found that most workers prefer to arrive and leave early. Response to flextime has been overwhelmingly favorable among employees, who point out how it enables them to avoid traffic jams and improve their life-styles.

All 700 employees at Nestlé's U.S. headquarters in White Plains, N.Y., are on flextime.

There is no time clock and workers are on the honor system to put in the required 35-hour week. They can report as they like between 8 and 9:30 a.m. From 9:30 to noon, and from 1:30 to 4 p.m., everyone is on the job. The lunch break can range from a half hour to an hour and a half, at the employees' discretion, and they can leave anywhere between 4 and 6 p.m., depending on how many hours they have put in.

Actually, the above schedule holds

through only the first four days of the workweek, because the company permits 3 p.m. departures on Fridays for employees who have gotten in their 35 hours.

Sandoz-Wander, Inc., the U.S. subsidiary of Sandoz Ltd., now has 70 per cent of its 1,300 workers at East Hanover, N.J., on flextime.

Employees are required to be at work for four and a half hours of "block time" between 9:30 a.m. and noon, and from 2 to 4 p.m. The rest of the work day is flexible. "Gliding time," as the company calls it, is between 7:30 and 9:30 a.m. and 4 and 6 p.m. Between noon and 2 p.m. employees have a one-hour lunch period and another hour of "gliding time."

Sandoz permits workers to put in more than the normal day, or less. Minus hours must be accounted for later. There is no overtime pay for plus hours unless they are specifically authorized, but compensatory time off can be taken for them.

The firm distributes a booklet detailing the plan. Among advantages listed are: Increased efficiency and productivity; reduction in overtime; elimination of tardiness and reduc-

tion of absenteeism; less congestion of traffic; easier recruiting and retention of employees; and improved employee attitude. Among disadvantages: Added costs of administration and of keeping plants open longer; the fact that certain employees—such as switchboard operators, mail clerks, guards, cafeteria personnel and production workers—have to be excluded from "gliding time" while others enjoy its benefits; and a "blurring" of the distinction between professional and managerial personnel and others.

Flextime is still in its infancy as a work concept, and its future is unknown. But it's viewed both in management and in organized labor—where the attitude toward it so far is largely one of "let's wait and see"—as part of a broad picture of changing work conditions. Included in that picture are shorter hours, longer vacations, earlier retirements and the four-day week at more than 3,000 American companies.

Down the road, we may someday come to the point where flextime, four days a week, will be the normal way of work for millions. **END**

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A Straitjacket for Pensions?

If some people on Capitol Hill have their way, providing for workers' later years will be a source of extra gray hairs

In 1950, Combustion Engineering, Inc., was—by some corporate standards—a smallish company.

It had roughly 9,000 employees and annual sales of about \$150 million. It also had a pension plan, vintage 1943, for salaried employees.

"The plan cost us about \$300,000 a year," says Thomas P. Troy, assistant secretary of the company. "That year, we decided to improve it."

"Among other things, we added voluntary early retirement—at 60, instead of 65. Our new plan cost us \$1 million a year."

Today Combustion Engineering is a business giant, with more than 30,000 employees and annual sales of about \$1.2 billion. Over the years, it has continued to improve its retirement benefits. Now it invests about \$5 million a year in pension plans for salaried employees.

But if it hadn't taken that first big step, in 1950, it might never have taken another. Would it make today the same decision it did then?

In 1950, employers had only a few basic Internal Revenue Service rules

to comply with when setting up a pension plan. The rules ensured that the plan was financed and fair to all—but was flexible.

Now Congress threatens to saddle such plans with a slew of complex, perhaps crippling, rules and regulations. They would dictate, among other things, when an employee becomes entitled to benefits, how much money the employer must pay to fund his plan and a new compulsory reinsurance scheme that would tax all companies, which have pension plans, to bail out those that go broke.

"I don't think the kind of regulation Congress is now considering would have stopped us from starting a pension plan," says Mr. Troy. "But it certainly would have affected the kind of benefits we would have been able to pay."

"Take, for example, a company that has only \$100,000 a year to spend on pensions. If vesting, funding and termination insurance cost \$15,000 it has only \$85,000 to put into benefits."

Both House and Senate are working on bills which, critics say, would stifle the growth of private pension plans—or cut what they pay out.

Why would Congress want to put pension plans in a straitjacket?

Much of the blame falls on an inflammatory report of a Senate Labor subcommittee. In 1970, as part of a study, it sent questionnaires to administrators of 1,500 private pension plans. More than 1,000 filled out the 32-page forms and returned them to Washington.

From the 1,000-plus replies, the subcommittee selected 87 and made a "preliminary report" in 1971. It showed, said Sen. Jacob K. Javits (R-N.Y.), ranking minority member of the subcommittee, that:

"Of those who left employment under those plans in the last 20 years, only 5 per cent got something, while 95 per cent got nothing."

He added: "As things now stand, only a relative handful of the estimated tens of millions of American workers under private pension plans will ever get anything from the plans on which they now stake their future."

That got headlines.

The Washington Post, for example, ran one that said: "Pension Plan Study Reveals Big Majority Get No Benefits."

Sen. Javits used the report to push legislation he'd been advocating.

Four years earlier, he said, he had thrown in the hopper a bill that would have solved this very problem.

"If my bill had been law," he claimed, those workers "would have received something, instead of nothing, from the \$10 billion piling up in those plans for the last 20 years."

Not much for the money

Actuaries, who are experts on statistics, viewed the report with scorn. It was a shoddy piece of work, some said.

"The American people have not gotten much value out of their half-a-million-dollar study," said Paul H. Jackson, a consulting actuary for The Wyatt Co., Washington, D.C., one of the nation's largest actuarial firms.

The deliberate selection of only 87 plans, he added, "makes the interpretation of these statistics very difficult. For example, recognizing the desire of the staff to develop 'shocking figures', one must suspect that [it] . . . would make every effort to select those showing the worst results."

Other federal studies soon told a different story. But, of course, none got the same headlines.

What are the facts about private pension plans?

Today, 30 million Americans are covered by them. Excluding govern-

ment workers and part-time help, that's about five out of every 10 workers. In 1940, only 4.1 million were covered.

An estimated six million retired Americans are getting private pension checks, which add up to something like \$10 billion yearly. The average benefit in 1971, the latest year for which there are hard figures, was \$1,730—plus, of course, Social Security.

That average would be higher, except that employees who retired long ago draw pensions much smaller than those paid today.

Employees who retired in 1970, says the Social Security Administration, drew a median pension of \$2,080. For those who had 40 years' service, and made \$10,000 a year or more, the median was \$4,620.

American business kicks in plenty to support its pension plans. In 1971 alone, it contributed \$15.2 billion. Employees chipped in another \$1.5 billion.

And do only a "relative handful" of employees collect the pensions they've worked for?

Not according to the Department of Health, Education and Welfare. It finds that six out of 10 retired men, who draw full Social Security benefits, also get pension checks. Almost five out of 10 retired men get them from private pension plans—the rest from public pension systems.

Thus, HEW's figures indicate that almost everyone covered collects eventually. For only about five out of 10 workers are covered by private pension plans.

What's up on Capitol Hill

If the system works so well, what's Congress tinkering with? Four things, in particular: vesting, funding, portability and reinsurance.

Congressional critics say an employee should start to get nonforfeitable rights to a pension sooner. For example, after he has worked for a company five or eight years.

In pension jargon, that's vesting.

Some Congressmen also contend an employer should come up with money sooner to pay for all the back benefits he assumes when he starts a new plan. Say, in 30 years, at least.

Today, he needn't.

Under IRS rules, he must put aside annually enough money to take care of the pension benefits his employees gained that year. So it's pay as you go—for current benefits.

But he doesn't pay, in a lump sum, for those IOU's he assumed for back benefits. All he must do each year is put the equivalent of the interest on that sum into his pension fund. He can take as long as he wants to pay off the principal.

And that's the funding issue.

Portability means that an employee can carry his pension benefits with him as he moves from job to job.

Employers point out how hard it would be to make benefits under two different plans mesh.

Only a "handful" of workers will collect a pension, one Senator charged, but an HEW survey indicates nearly all covered workers do.

IRS has approved more than 166,000 pension and annuity plans, one pension expert says, and 139,000 profit-sharing and stock bonus plans.

"Many of them are small," he points out. "Nine out of 10 have fewer than 26 participants. And they come in all shapes, sizes and descriptions. Matching them up would be a nightmare."

In the Senate, of the several pension bills, the one which many believe is most likely to pass makes portability voluntary, not compulsory. Employers can take it—or leave it alone. And that leaves the final issue, reinsurance.

"I think reinsurance is the provision that will give a company the most headaches," says Richard A. Winkenwerder, vice president, Milliman and Robertson, Inc., Seattle, Wash., actuaries.

"If a successful company has to insure the unsuccessful," adds Peter Zischke, president, Zischke Organization, Inc., San Francisco, Calif., pension consultants, "that could create real problems."

How much would a company pay for this protection?

One proposal in Congress calls for a head tax of 50 cents a year for each employee enrolled in a pension plan. Another suggests an annual premium of 0.2 to 0.4 per cent of a plan's unfunded liabilities—plus special assessments for administrative costs.

After three years, the premium might be hiked or cut—depending on the loss experience.

Apart from cost, this proposal has other flaws, says Bracy D. Smith, vice president and controller, U.S. Steel Corp.

"A federal insurance program," he says, "would require a costly administrative bureaucracy and rigid controls over private plans to handle a problem that involves only a tiny fraction of those covered by private pension plans."

Home for a new bureaucracy

The new bureaucracy, under a Senate Labor Committee bill, would find its home in the Labor Department. It would be called the Office of Pension and Welfare Plans Administration, and be headed by a new Assistant Secretary of Labor.

Meantime, Internal Revenue Service would continue its present controls. Is this new bureau necessary?

Evidently, few workers now lose out because their plan goes broke.

"During the first seven months of 1972," says a recent report by the Treasury and Labor Departments, "about 8,400 claimants in 293 plans lost benefits." That's about 41 per cent of all claimants in "terminated plans." But they represent, the report notes, only "about four one-hundredths of 1 per cent of all workers covered by private pension plans."

Furthermore, reports the Pension Research Council of the University of Pennsylvania's Wharton School, few well-established pension plans are shaky.

In 1969, after surveying 4,000 of them, covering nine million employees, it reported this finding: Those that had built up funds for 15 years or more had enough assets to pay for 94 per cent of all accrued benefits.

What would the pension proposals cost business? Some plans might ex-



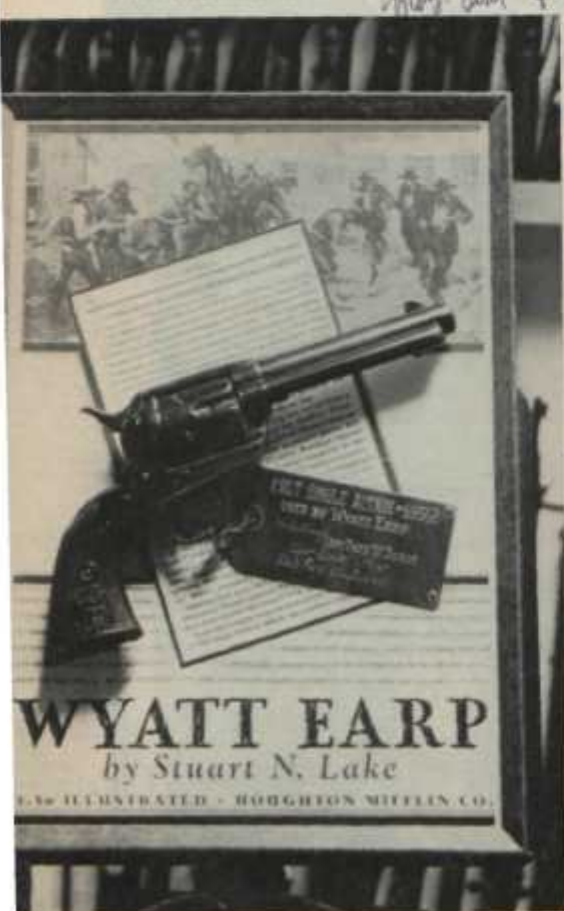
PHOTOS: GENE DANIELS—BLACK STAR

Handwritten: mallet - ant 4:31-73

All auction items aren't rare books, porcelain or furniture. Bidding is often for the macabre, as this ice mallet, used by a Wells Fargo mail-car guard to slay an attempted train robber, Ben Kilpatrick of the "Wild Bunch," in a holdup near the tiny town of Eldridge, Tex., in 1912.

Handwritten: Have Listed under Auction Sales Antiques

If there's any question about the authenticity of an item, major galleries will say so. This pistol, used by Marshal Wyatt Earp of Old West fame, is the real thing. It was part of The Gerald G. Fox collection and valued at about \$30,000.



Going, Going...Up!

They're growth companies with a bang—in a field in which buyers are motivated by beauty, by sentiment and by opportunities for huge profits

There's a classic story about the frail woman in the mussed-up dress walking into a famous London auction gallery and saying: "I've a little old nothing of a painting here that's been in my family for generations and I'd certainly like to know if it's worth anything at all."

With that, so the story goes, an auction expert takes a look at the painting and his eyes widen. With the lady's consent, he rushes the painting to the sales room and, just like that, it's auctioned for half a million pounds, meaning a quick million and a quarter dollars. The "little old nothing" turns out to be a missing Gainsborough.

Such things actually happen, not just in London, the ancestral home of culture auctioneering, but here in America.

Around the country there are dozens of small auction businesses, some more successful than others, many dealing more in clutter than culture. They will auction almost anything. Old masters, antique furniture, rare china, silver, artifacts of ancient civilizations, of course, but also all kinds of Americana: Antique cars, books, prints, old bottles, jewelry, unusual or historic clothing, boats, engines, coins, guns, swords, photographs, music boxes, ship's bells, old toys, radiator caps, toy soldiers and trains.

Senior Editor STERLING G. SLAPPEY visited auction galleries in London, New York and Los Angeles in preparing this article.



PHOTOS: JOHN MESS—BLACK STAR

May and 7.31.73



Sotheby auctioneer Jeremy Cooper uses the low-key approach as he "builds" the bidding. He deals almost entirely with people who know precisely what they want and how much they will pay for it. All porcelain, art, memorabilia, armour and other items for auction have been described in catalogues and kept on display for several days before sales. Often buyers are represented by agents or dealers who attend auctions.

Bidders are of all ages. Often the dowdiest is the richest. Some show no emotion; others study catalogues or just stare. All have inconspicuous ways of signaling to "up" a bid. One may scratch his chin, another raise a pencil, another give a slight nod. Christie's auctioneers know how to catch their signals.



Sotheby's notices of sales seem to whisper there's something going on inside the ancient Bond Street building. But articles are often sold so fast it takes 100 porters to move them in and out of the galleries.

Have

Going, Going... Up! *continued*

art deco and art nouveau, letters and autographs.

Last spring in Atlanta, Heublein, Inc., the food and alcoholic beverage firm, auctioned off 30,000 bottles of wine with the aid of a British auctioneer. More than 500 bidders participated in person, by mail and by telephone. All told, the wine brought in \$273,500. One man snapped up a bottle of 1858 Chateau Lafite for \$1,100 and went away bragging: "I couldn't resist the bargain price."

At a previous Heublein wine auction in New York, a jeroboam (a large bottle containing as much as

five fifths) of 1929 Chateau Mouton-Rothschild fetched \$9,200.

In recent months Los Angeles witnessed two auctions of "Props From 20th Century-Fox" and "Costumes of the Stars." Throngs of bidders spent enormous sums for items some people would call junk. The bicycle that Paul Newman rode in "Butch Cassidy and the Sundance Kid" sold for \$3,100.

Last year 170 items of "Disneyana" were auctioned in Los Angeles. Walt Disney memorabilia that cost \$1 or so per item when new in the 1930s fetched \$14,885. A Mickey Mouse

ink wash drawing that looked very much like spilled ink went for \$2,000.

Two other auctions in recent years involved an old train and a fleet of vintage airplanes. The 1890 engine and three-car train, auctioned in Denver, was bought by Springs Mill, Inc., for \$75,000 for exhibition on the Lancaster and Chester shortline railroad in South Carolina. Among the 126 aircraft, auctioned in Los Angeles, a Sopwith Camel sold for \$40,000 and a Curtiss Gulf Hawk for \$20,500.

Of American auction galleries, one stands far above the others in number of auctions, variety of items sold, and volume of sales and profits. It's Parke-Bernet in New York City, now entirely owned by Sotheby & Co., a famous London auctioneering firm. Sotheby bought P-B in 1964 to tap the rich American market and provide an alternative to auctioning in London.

It was P-B that conducted the Disneyana, old train and old plane auctions. And it was P-B, along with Sotheby, that carried out in 1965 an Early Bird Satellite sale on television with simultaneous bidding in London and New York.

Tail leading the comet?

If anyone mistakenly thinks that auctioneering of the old, the rare, the cultural and the faddish is a small business, or that only a handful of rich and eccentric people are bidders, look at what is happening at Parke-Bernet.

When Sotheby bought P-B, annual sales were below \$11 million. Immediately, they started up. They were above \$32 million during the 1968-69 season (auctioneering of P-B's type traditionally is suspended for a couple of summer months); nearly \$43 million in 1971-72 and \$68 million in the season ending this July.

Sales have increased just as fast at Sotheby, and at the equally famous London firm of Christie's, both of which still outsell P-B by about a third.

However, in the past five years, P-B has opened galleries in Los Angeles and Houston, and a second sales point in New York. The firm has held scores of sales in various other cities and now is looking at

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John Marion is Sotheby Parke-Bernet's chief auctioneer, as well as its president. He auctioned off \$30 million of objets d'art last year.

Going, Going... Up! *continued*

Chicago and Boston as probable sites for permanent new galleries.

"The comet's tail [Parke-Bernet] is in the process of getting ahead of the comet [Sotheby]," says Stanley Clark, Sotheby spokesman.

Between them, the three big galleries now conduct from 800 to 900 auctions yearly and sell about 750,000 items. No one counts the number of spectators who attend, or the number of bidders, but auction rooms are invariably crowded and closed circuit TV is increasingly used in adjoining rooms for bidders and spectators. Even with TV, lines sometimes stretch to the sidewalk. Entry is usually free and so is access to display rooms where items for forthcoming sales can be inspected. Occasionally, black-tie, by-invitation-only auctions are held.

Sotheby and Christie's have been sending out catalogues for most of the 200-plus years they have existed. P-B, started in 1937, mails rather elaborate catalogues which in themselves are becoming collector's items. They are sold for small sums.

All three are in posh areas—Sotheby is on Bond Street, Christie's in London's St. James's section and P-B's main New York gallery is on Madison Avenue.

Auctions are stylized, and similar

whether in the United States or United Kingdom. Auctioneers don't follow the tobacco auctioneers' pattern of using almost unintelligible language. They enunciate clearly, though they take bids so fast that they are hard to follow. They sit or stand on raised podiums, and act very dignified.

The flick of a finger

The auctioneer raises bidding with quick phrases:

"Am I offered \$600,000?" he will inquire. If he gets the offer, he immediately asks: "Do I hear \$625,000?" When bidding lags he looks around the 400-to-500-seat room, searching for the flick of a bidder's finger, the raised eyebrow, the unobtrusive wave of a folded newspaper, the nod of a head.

Auctioneers know who most principal bidders—frequently professional agents for galleries, museums and wealthy individuals—are and they have spotters to help them catch signals. Often, bidders will advise auctioneers before sales that they will signal by the slightest wave of a pair of spectacles or the flick of a finger against the forehead.

When bidding obviously hits the ceiling, the auctioneer says clearly: "Down it goes." He pauses to give

one last opportunity for someone to revive the bidding, then says flatly: "Sold for \$1 million," or whatever the sum is.

He firmly pounds the podium with a small ivory and wood gavel—one at Christie's is over 200 years old—and helpers carry out the painting, rug or piece of furniture just sold and prepare it for delivery. Immediately, another item is brought in and auctioneering continues.

Auctioneers use the phrase "knocked down" rather than sold. Items are said to have "made" or fetched a sum rather than to have sold for the sum. And an auctioneer never conducts a sale, he "takes a sale."

When a truly important auction is held, the top men take over—John Marion, president and chief auctioneer for P-B; Ivan Oswald Chance (who prefers to be called Peter), chairman of Christie's, and Peter Wilson, chairman of Sotheby.

Rarely are names of buyers published, unless circumstances are most unusual. Often, names of sellers are withheld also. American catalogues usually list and describe items with no ownership identification. British catalogues often list the seller as "a lady of title" or a "gentleman of property."

Occasionally, buyers are so well-known that there is no concealing their identities. At a recent wine auction at Sotheby, a young member of the Rothschild family personally took care of replenishing his family cellar. Everyone knew him.

Galleries earn their money on commissions, which vary between 10 and 20 per cent on the sale price.

It's safe to say that auctioning of cultural items is one of the fastest-growing of businesses. Since World War II, sales in New York and London have gone up at least 75 times over.

P-B's John Marion explains: "There seems to have been a very deep-rooted change in the sensibility of the public toward 200 years or more of American culture. The quality, prices paid and diversity of American art on the open market is nothing short of a phenomenon."

Last March, 89 paintings and sculptures from the estate of the late

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Everybody seems to be happy at Christie's, including the bidder, when it's time to go home with that prized purchase.

Handwritten signature: Halper

Going, Going... Up! *continued*

Edith G. Halpert of New York were sold at P-B for \$3,126,150. The works were all by American artists.

In 1971 the estate of the late Mrs. Anna Thomson Dodge, widow of the automobile maker, sold her collection of old masters, other works of art and furniture for \$5,463,500. Several sales were made in Detroit, but the main pieces were flown to Christie's in a chartered Boeing 707.

Between 1966 and 1970, five fine French impressionist paintings belonging to the Rev. Theodore Pitcairn of Bryn Athyn, Pa., were quickly knocked down at Christie's for \$2,241,000.

The three all-time biggest single sellers among paintings have been:

- Velazquez' "Portrait of Juan de Pareja," which sold at Christie's in 1970 for the world record price of \$5,544,000. The painting now hangs in the Metropolitan Museum in New York.
- Titian's "Death of Actaeon," which was sold at Christie's for \$4,065,000 in 1971 to an American. The British were so upset that the government held up the sale until public subscription could match the price, so the painting could be kept in the country. It is now in the National Gallery in London.
- Rembrandt's "Aristotle Contemplating the Bust of Homer," which was knocked down at P-B in 1961

for \$2,300,000. The painting is in the Metropolitan.

An Edinburgh schoolteacher last year wanted to raise \$127.50 for a deposit on a car she wanted to buy. She took an old painting to Sotheby and asked if it was good enough to fetch that much. Sotheby said, "Yes, and then some." The Sixteenth Century painting, "Temptation of Eve" by the German master, Hans Baldung, was knocked down for \$537,600.

A boost for business

Such king-size sales have indeed provided a boost to the auctioneering business, but the principal impetus for its astonishing growth has come from the army of people who troop daily into auctions to buy items costing \$250 or less. More than 60 per cent of P-B, Christie's and Sotheby sales are in this category.

This cheers John Marion, who says: "Our image had once become too exclusive as a result of all the stories about glamor sales such as the one when Elizabeth Taylor and Richard Burton bought a million-dollar diamond. What we want is to attract the average buyer who will find much here that he can afford. We also welcome people to come in and browse."

Many factors send people to auctions.

One is the wave of nostalgia of re-

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Going, Going... Up!

continued

cent years. Memorabilia has never been sought after as it is now. Also, more people are better off, and many such people want to spend their money on handsome and historic objects. In addition, longer periods of schooling for most people equal more sophistication.

Too, tax lawyers can explain why it is advantageous to invest in cultural objects. Tax write-offs are available.

And besides, such items can be handed on to later generations on favorable inheritance terms.

Another factor is monetary unrest. The value of the money may go down, but not the value of good art, furniture, rugs and silver. And high auction prices feed even higher auction prices. The spiral is always up, up, up.

Speculators now compete with collectors for rare articles, bidding high for items that they often know little about. They can be seen during auctions sitting next to hired experts who tell them what to buy and how much to pay. They spend big because they know that nothing in recent years has accrued in value at anything remotely like the rate of art and some other auctioned items.

Two T'ang Dynasty china horses are an example. They sold at P-B in 1959 for \$750 each. They are now for sale again and porcelain experts feel certain that one will fetch at least \$30,000 and the other \$25,000 when they are auctioned this autumn.

Another example: A print by Rembrandt entitled "Woman With the Arrow" sold for \$500 in 1950. In 1968 P-B handled the print again and sold it for \$7,250. Last May it sold again, for \$58,000.

Paintings and other objects often show up time and again but one great exception has been a 200-year-old Gainsborough portrait of James Christie, founder of Christie's. He and Gainsborough were next-door neighbors.

Christie's intends to grab that painting if it ever shows up, regardless of price, and hang it in the board room.

But the painting isn't likely to go up for sale. It's in J. Paul Getty's home in Malibu, Calif., and he's hanging on to it. **END**

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But are her days numbered?

Bruce Payne, whose management consultant firm in New York City specializes in boosting office productivity, is among those who think they are.

"The traditional secretary has no place to go but out," he says, basing that prediction on a new concept in office procedure. It's called the word processing center.

Word processing, as defined by the Office Products Division of International Business Machines Corp., is a system combining people, procedures and machines. They convert ideas into printed communications and, if the system is working properly, they do it faster and cheaper.

Although machines are an integral part of word processing, the concept can work without them. Robert Bloomfield, a director of the Word Processing Institute of New York City, which sets up these centers,

says: "The main ingredients are division of labor and supervision."

Under the word processing system, a girl gets the kind of work she's best qualified to perform. And that can be one of two things—administrative or corresponding.

Thus, most personal secretaries are kept on as administrative assistants. They will drop a lot of the routine secretarial chores and assume more responsibility. Some are even given hiring-and-firing roles.

The corresponding secretary, on the other hand, is production oriented and works with remote recorders, composing machines and magnetic tape typewriters. She transcribes machine dictation, types and edits.

The boss loses his Girl Friday, but, if the system works as it should, he's getting more efficiency and productivity in exchange.

"Take away my girl and you cut my effectiveness 25 per cent," was one executive's reaction when the system was adopted by his company.

It's not an unusual comment but such fears are ill-founded. Justin Hopkins, who is now manager of an

may want 8-31-73

PHOTO: GARRY BLACKMAN



Have Jumbo file

Is Today's Secretary on the Way Out? *continued*

Atlantic Richfield word processing center in Los Angeles, says that instead of decreasing effectiveness, word processing increases it. The problem, he concedes, lies in educating executives to its values and capabilities—the biggest hurdle to overcome in making the system work.

Mr. Payne cautions: "The concept must be fully and carefully presented to counter fears of the unknown and to avoid disruption of morale and office routine."

Disruption can be traumatic. No one knows this better than Atlantic Richfield. Its center started in 1966 and fell on its face. Inadequate education to acquaint people with the concept was just one of the problems. Equally important, says Mr. Hopkins, unqualified people were hired. *Esprit de corps* was lacking. There were wholesale resignations. Communications were bottlenecked.

When he took over in 1968, the place was a shambles.

Today it's a different story. The center does scores of jobs previously farmed out to printers, and a mint of money is being saved. Backlogs have been all but eliminated. Dictated material is usually returned within a few hours of dictation. The quality is better, and productivity has been hiked substantially.

Talking is cheaper

The educational process to prepare personnel for word processing also involves teaching the executive to communicate more effectively. As IBM Office Products Marketing Vice President William F. Laughlin points out: "We know from experience that a dictator can talk to a machine twice as fast as he can dictate to his secretary, and four times as fast as he can write in longhand."

The gains are impressive.

"Word processing has permitted us," reports E. D. Edmisten, vice president and general manager of Fibercast Co. in Sand Springs, Okla., "to handle the increased paper work resulting from a 12 per cent rise in business in 1971 without one additional clerk. We estimate that overall typing costs have been cut 25 to 30 per cent because fewer letterheads, carbon sets, snap-out forms, etc., end up in the wastebaskets."

Under the system, notes a spokesman for Pacific Telephone Co., "we can get out 300 letters in a single day if necessary. Formerly it took two girls an entire week."

After nine months under the system, two secretaries at Avdel Corp., in Teterboro, N.J., turn out the paper work it formerly took seven stenotypists to handle, and with fewer problems.

William M. Horrigan, executive vice president of the Booth and Simpson insurance agency in North Hollywood, Calif., gives another specific example of how well the system can work.

He had to get out 50 letters to field offices outlining insurance coverage changes, and completed the job in an hour.

But converts of all ranks cite more than dollar savings for their enthusiasm. Teri Kotler, career administrative secretary at IBM, says that "with the typing and correspondence off my hands, I have time for higher level work. I follow up on phone calls personally instead of switching the caller. I do more look-up and research. This cuts down the calls my principals have to take."

Mrs. Kotler now serves two executives instead of just one. It broadens her outlook, she says.

This general upgrading of status appeals strongly to many women. Fibercast's Beverly Elkins, C.P.S., formerly "just another secretary," today serves three top managers, the vice president, comptroller and manager of new product planning, instead of just one. She also supervises the word processing center.

"Do I think word processing will change the secretary's role? I must question your tense," she says. "It is already changing."

Mr. Hopkins challenges the title itself. "The word secretary won't be around for too many years," he predicts. "It's too general. It understates a girl's professional status."

This applies to corresponding as well as administrative secretaries. Atlantic Richfield's Hazel Bates, formerly a private secretary, now is a group leader in a word processing center. She used to hate typing, she says, suffering from the common malady—"end-of-page tension."

Today, with the pressure off, she enjoys typing, the diversified work that comes into the center and the new opportunities offered. Like electronic data processing, the new system is generating a host of specialist skills from machine operation, proof-reading and research to key jobs involving production, quality and clerical control.

Not always a hit

Also like EDP, when it comes to word processing most companies would rather talk about successes than failures. But the failures abound, Mr. Bloomfield notes. "At a major airline, a battery of girls almost went on strike when the system was installed," he says, pointing out that resisters to change will easily get the upper hand if you don't make the transition gradual and compromise where you must.

Mr. Bloomfield also stresses the importance of hiring top caliber people, defining jobs clearly, setting proper controls and providing enough supervision. One Midwest center placed an inadequately trained manager in charge of 16 ex-secretaries, typists and clerks. The system failed miserably.

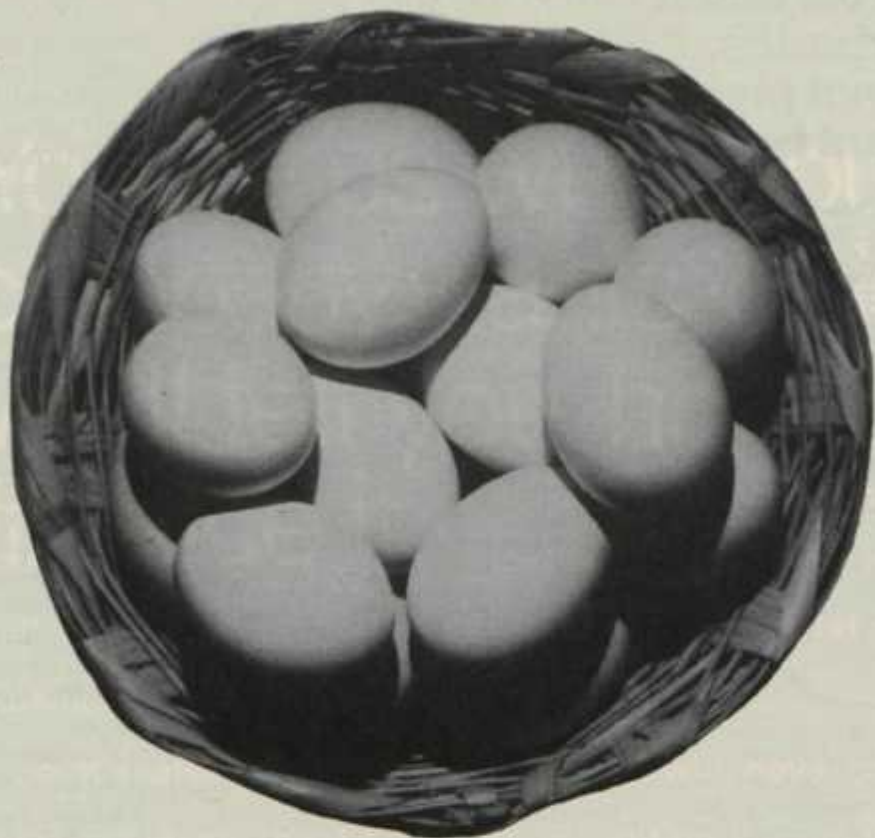
Most people, managers and staffers as well, are skeptical at the outset, some openly hostile. It takes time and patience to sell the system and communicate its values.

Some girls are concerned about the problem of tedium associated with machine operations. A valid hazard, experts concede. It takes management awareness, they say, to overcome this pitfall. Their recommendations: Encourage interaction between staffers and principals, get people involved in the planning and decision-making, diversify the work as much as possible.

Not everyone welcomes the challenge of decision-making and responding to pressure. Some like regular routine, few interruptions. In one company two sisters were given the choice of administrative or corresponding jobs when word processing was installed. They went separate ways.

As their boss points out, "It depends on the individual."

—RAYMOND DREYFACK



You can't tell a bad egg by its shell—

and it is not just with eggs that appearances are deceptive. As many companies have learned through disastrous losses, it is often the most innocent-looking employee that turns out to be the biggest thief. New and improved controls can lessen the risk, but the fact is that corporate stealing is increasing at an alarming rate. Only adequate insurance guarantees a company against critical financial loss. Our dishonesty bonds are exceptionally broad in coverage. The form, which provides money and forgery coverage, not just dishonesty coverage, is brief and clear. To provide this much needed protection we offer expert fidelity underwriters to analyze your needs, and a staff of commercial fidelity claimsmen whose sole area of responsibility is crime claims from commercial assureds. Before you are faced with a catastrophe, call a Chubb agent or broker and find out what you can do now to avoid it.



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For Sale: Government Information *continued from page 12D*

can cost as little as 95 cents. NTIS' aim in setting prices is merely to cover immediate costs and general overhead, not make a profit.

Mr. Knox says users of information gained from government funding should pay the cost to the government of reproducing it.

"This concept," he says, "is shocking to some agencies," where it has been the practice to "give the information away."

All unclassified government research reports, studies, etc., are supposed to be sent to NTIS, where a 25-man team of experts evaluates their usefulness.

If it's felt that there will be a demand for a report, it is printed and goes into the NTIS inventory.

Nothing's out-of-print

"We have no such thing as an out-of-print report," Mr. Knox says. "If we can't fill an order within five days, we let the customer know how long it will be."

Mr. Knox has zeroed in on the service angle. "It's poor service not to let the people, especially businessmen, know these things are available," he says. "When some of them find out they can get this type of information they are stunned."

Businessmen who want abstracts of all the information funneled into NTIS can subscribe to the semi-monthly *Government Reports Announcements*, which gives comprehensive coverage of all the reports filed with the agency.

NTIS has better than 16,000 subscribers to its abstract service and is adding more at the rate of 100 a week.

"For less than a dollar a week a businessman can find out what's happening in a particular area," says Peter Urbach, NTIS deputy director. "From the time a report is received until it appears in the abstract is no more than 14 days."

Reproductions of U.S. patents are offered on 16 mm. microfilm or in printed form. Under a new and expanded program, there will be regular announcements and evaluation of all new government-owned patents and patent applications. Normally it takes about two years from filing until granting of patents and this new

service is going to advise the businessman two years in advance.

"This has been a sadly neglected field," says Mr. Knox, who himself holds 15 patents.

This spring, Mr. Knox made a five-week trip to Peru, Ecuador and South Korea to acquaint those technologically emerging nations with NTIS. Some 20 per cent of his agency's business is with foreign clients, who must pay a \$2.50 surcharge on each printed report, and \$1.50 on microfilm.

Six Soviet agencies maintain deposit accounts with NTIS (and Mr. Knox is trying to get an agreement with Moscow for NTIS to distribute Soviet research and development publications in this country). Although there have been orders for documents from Peking, the People's Republic hasn't yet opened a deposit account.

The deposit account service, which eliminates the burdensome chore of remitting for each order, is a recent innovation at NTIS. There are over 6,300 of these accounts. A deposit to cover a normal month's total order opens one. Account holders may even order by telephone or telegraph.

Another innovation is "ship and bill." Explains Mr. Knox: "We think it's more important to get the information to the customer than to wait for payment. Our losses have been small—only what a normal business would expect."

NTIS, which is trying to use every modern marketing technique available, scored a notable breakthrough on July 1 when it became the first federal agency authorized to allow its customers to use American Express credit cards to pay for purchases.

A service growing in popularity is NTISearch. For a nominal fee the entire NTIS data bank will be computer-searched to give a full rundown on a specific area of interest.

Making this service even more valuable is another innovation. Working with the Smithsonian Science Exchange, NTIS now is able to tell a client not only what research has been completed on a subject, but what is under way.

"NTIS is a butterfly that has emerged after a long cocoon stage," says Mr. Knox. **END**

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Letters

The Wonderful Wizards of Washington

• I am appalled at the abysmal ignorance displayed by Assistant Secretary of Labor John H. Stender when he states in your interview ["Where OSHA is Headed Now," July]: "But the law [OSHA] was passed to protect employees. It's hard to understand why some will defy it."

Does he not understand that workmen, as well as their employers, are fed up to their eyeballs with the wonderful wizards of Washington deciding what is good for everybody?

America got along fine for nearly 200 years without Congress and the bureaucrats meddling in these matters.

More specifically, in the past three decades labor and management, working together, have greatly improved working conditions with respect to safety and health, without any help from OSHA. And there is no reason to believe that the situa-

tion wouldn't have continued to improve.

H.C. TAYLOR
Newbury Park, Calif.

More about amnesty

• Re your "Sound off Response" [July] concerning the question of amnesty, I think it is a national disgrace that the great majority of business leaders in this country have no higher motives than revenge against, and punishment for, those who followed their conscience.

BARTON L. COLE
President
Cole Distributing Co., Inc.
Deerfield, Ill.

A salute to Col. McKnight

• I read your article, "What America Stands for—a P.O.W.'s View" [July], and I find Air Force Lt. Col. George McKnight's sentiments very admirable and gratifying. Men of his distinctive breed are truly few and far between.

How true is his statement that;

"Too many of us have no real conception of what a wonderful thing freedom is." In our society today, it is effortless for the American to evaluate our nation's activities. We truly have a great reserve of "armchair commanders."

We ought to thank God that we still have men like Lt. Col. McKnight to protect the air and shores of this country. For they know the price of freedom, and the true definition of the word freedom.

NORM R. SNYDER
Superior, Calif. Accounting
A.M. General Corp.
Lansing, Mich.

• This article should be required reading in all schools and colleges, especially in those where the radical teachers and students have been spreading their hatred of this beautiful country for too long. Also, all the traitors and cowards who refused to serve this wonderful country and now

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have the audacity to ask for amnesty should be made to read it.

MRS. R.C. THOMPSON JR.
Washington, D.C.

Cheers for "Growing Pains"

• Three cheers for your mind-stretching feature article, "Our Global Growing Pains" [July]. It was a pleasure to read Herman Kahn's thoughts on the future of our world. I hope that his ideas and insights on the post-industrial society of the year 2000 and beyond will have the same validity as Alexis de Tocqueville's predictions in 1830.

Although it may be quite unfash-

ionable to talk about economic growth and our ability to solve resource problems, it's refreshing and encouraging to read that some people still believe we just might make it beyond the 21st Century.

WILLIAM T. MURRAY
Executive Vice President
Greater Fitchburg Chamber of Commerce
Fitchburg, Mass.

About free parking...

• Your editorial, "Uncle's Parking 'Fringe'" [July], is not smart—you have ignored several facts:

1. Free parking is provided, if at all, at government-owned installations where no outlay of parking fees for

employees is involved. At most, cost of installation and maintenance of facilities is at government expense.

2. This practice is also in vogue at large industrial plants. The government merely gives its employees benefits which most large companies provide for their employees at no cost.

3. If the government were to make its employees pay for parking universally, it should insist that industry do likewise, thereby reducing overhead and prices. Otherwise the government as a customer, and the individual consumer, would have to continue to subsidize industrial employees.

In that event, I am sure, industry would decide that the expense of accounting for parking receipts and paying taxes on the profits would be more than the whole bother is worth.

EMANUEL KINTISCH
Alexandria, Va.

A few words from Western's President on our National Contracts



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Being a Good Neighbor Pays Off

Most firms recognize that pitching in to improve the community is good business as well as good citizenship; but follow-through depends on the top man

Have

When it comes to helping the community, many companies show a wide gap between intentions and results.

Top corporate officers are nearly always enthusiastic for community betterment. Their comments are not just polite talk; their sincerity is apparent.

Having reached a high executive level, they see in greater perspective how each plant, warehouse or store interacts with the social framework around it.

And even beyond the practical side, they feel a real sense of responsibility to the environment that supports their enterprise.

But in practice, the headman's ideals often seem to become diluted at lower management levels and occasionally unrecognizable in outlying branch operations.

Here are some of the general conclusions drawn from talks with a broad cross section of business leaders:

- Local businesses that get both their workers and most of their customers from a single region show the greatest community interest.
- Multiplant or multinational firms often try to work up interest in each area where they operate, but seldom achieve the same intensity as the local firm.
- Local managers often doubt that the head office really applauds any community effort they may make.
- Although companies often refer to their community support as public relations, it is chiefly employee relations. It is concentrated in areas where they have to hire and hold workers, rather than where they have customers or major supply sources.



- The most successful community activities are good business—often directly, and always at least indirectly, related to profits.

Helping the inner city

The intensely local approach is exemplified by the activities of L.A. Jennings, chairman of the executive committee of Riggs National Bank, Washington, D.C., one of the nation's largest.

"I have no patience with the many people who wring their hands about what this country is coming to or about the state of the world, yet do nothing in the one place they can reach," says Mr. Jennings.

"We have tremendous problems here—racial, educational, logistical. Yet I am always running into men and women who worry about big national issues and seem to forget that the nation is made up of a lot of separate communities.

"If people would buckle down to making their own areas better, the nation would just automatically be better."

Mr. Jennings devotes a substantial part of his waking hours to Washington affairs. He believes in giving Washington's mayor, Walter Washington, every possible help on issues that divide the capital city. Anti-poverty programs, education loans, welfare, slum rehabilitation—Mr. Jennings takes an active hand in tackling these and many other problems, suggesting ways to finance new projects and giving characteristically blunt critiques of proposals that might otherwise receive polite nods. Does his effort in behalf of Washington have a profitable side for Riggs Bank?



Become involved



Good community, good business

"I certainly hope so, and I'm sure it does. Profitable businesses and prosperous communities go hand in hand. When we worry about what kind of people Washington's schools are going to turn out, we certainly have in mind the fact that many of those people will be tomorrow's customers and some of them will be coming in to our personnel office and taking aptitude tests for jobs.

"So I think it is too narrow to ask whether community activities are a moral responsibility or just good business. They are both—in capital letters."

How Dow does it

Dow Chemical Co. typifies the community relations approach taken by many U.S. multiplant manufacturers. "We want to be good citizens, but the definition of that term has to be flexible—varying from one location to another," says Mark Batterson, Dow's director of public and community relations. "So the location manager has top responsibility for how it is handled in his area.

"The man who runs the Midland, Mich., division, right across the road from our corporate headquarters here, decides for himself what is best in this region. The Texas division or the Western division may take different approaches on some of these subjects.

"In each case, the manager gives one of his men responsibility for community relations, but he himself also takes occasional soundings of how the company is doing in the eyes of the nearby people."

Heavy participation in local politics is usually encouraged—with no company pressure as to which party any employee should favor. The present mayor of Midland is a boiler shop layout man in the Dow plant, and two members of his City Council are Dow employees.

One policy that Dow generally follows in all areas

is to lend its executives—usually middle management men—to charitable agencies for fund drives and other activities that need competent direction. For example, the director of traffic for Dow-U.S.A. recently spent weeks of his time on a charity drive.

Another guideline that most Dow managers follow increasingly is to soft-pedal actual cash gifts and channel the help along other lines. Some money is involved, of course. But Dow feels that personal efforts are often more appreciated than a check. Or, in some cases, the company gives equipment or products, instead of the plain cash.

When a U.S. company looks at its operations overseas, the picture alters sharply.

However community-minded the board chairman back home may be, the local manager—and his opinion is dominant—more often favors a low profile.

In European operations this is usually so because it is good business to have a "native image." Names that have been long-established over there are thought of as part of the local scene. Gillette, Kodak, IBM—Europeans reshape and pronounce these trademarks with their own accents, and they no more pause to think of them as American than a U.S. citizen stops to recall that Lever Brothers is British.

Targets for terrorism

Newer American enterprises abroad are anxious to achieve the same feeling of local identity, and this means a careful effort not to show American lavishness with money. So long as the men in government are aware that the company is a good citizen, it may be just as well if the local workers and neighbors don't think about it.

Says one European-born manager of an American plant: "The less we are noticed the better."

In Latin America the desire for a low profile is even

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Show low profile abroad

southern Italy, Fiat doesn't concern itself enough with how they will live or what they will do to the city, according to some local officials.

There the facts end and the philosophical questions take over.

Is it a company's responsibility to create whole new communities for all its workers? Turin is, after all, an authentic big city—not a company town.

Many city fathers must have welcomed each new expansion of the Fiat enterprise; perhaps, if Turin is like other cities, they would have opposed any diversification away from their domain.

So there is a genuine question as to how much more a city should demand from a company. If it brings investment and jobs to the area, has it done enough or not?

A leading banker who has interests both here and in Europe comments: "The subject is too vast to be pigeonholed under the heading of moral responsibility. Donations to charities, scholarship funds, and the like can be tinkered with as the conditions demand and the fortunes of the company permit.

"But housing for hundreds of thousands of people is something else.

"The hope is that other entrepreneurs—builders by trade—will logically step in and build new housing for sale or rent. And the city government's job is to facilitate that by means of its tax rulings, zoning ordinances and foresighted construction of water, sewage and other supporting facilities."

Starting at the top

Only a few generalities are possible in a field that is, after all, human relations. One is that the earnest personal interest of a top man often accomplishes more than precisely delegated and channeled policies.

Another is that community activities do pay off when they are done wholeheartedly and with an intimate knowledge of the people involved.

It is hard to escape the conclusion that many firms would do well to be sure the chief executive's wishes are properly understood and acted on farther down the line. If top management can make the area manager feel that it is a recognized and appreciated part of his job to treat the community around him as really his own, the money and effort expended might go a lot farther.

But it all has to spring from the genuine interest of the top man. No one else can justify that kind of drain on company resources. No one else can balance up the intangible benefits against the quantifiable minuses.

And presumably no one else has the headman's knack for making things go smoothly.

—CHARLES A. CERAMI

REPRINTS of "Being a Good Neighbor Pays Off" may be obtained from *Nation's Business*, 1615 H St. N.W., Washington, D.C. 20006. Price: One to 49 copies, 50 cents each; 50 to 99, 40 cents each; 100 to 999, 30 cents each; 1,000 or more, 20 cents each. Please enclose remittance with order.

greater—and for more desperate reasons. "We don't need our general manager kidnaped, as some top businessmen have been," says the public relations chief of a giant U.S. corporation that has plants in many South American nations.

"In fact, our local men urge us to attract as little attention as possible. Anything that singles you out in some of those places only makes you a target for terrorism and sabotage, and you can never do enough to satisfy the leftists. Each time you give in, they step up their demands."

Even foreign-owned firms overseas occasionally wish they were less visible. Fiat, of Italy, for example, talks of a massive community relations program, but sometimes gets a bad press for its pains. Its owner, Giovanni Agnelli, has given vast amounts through a foundation for studies of ecological problems. His father, who founded the firm in 1899, was a pioneer in worker welfare plans, and the company likes to think that it does more voluntarily than most others do under compulsion.

Fiat's annual expenditure on social and welfare activities, over and above contributions to the state system, reaches several million dollars, say company executives. They cite training schools, a health service for workers that dates back to 1921, convalescent homes, day nurseries, camps, sports centers and—above all—housing.

Thousands of modern flats have been constructed in and around Turin under a Fiat program, and many more are under way. Seventy-five per cent of these are generally allotted to blue collar workers and the rest to office staff.

Despite this, the city government of Turin, where Fiat has its principal operations, considers the company troublesome and irresponsible. Having drawn tens of thousands of workers to Turin, most from

Trade Secrets of Crooks



The inside story from

The cast is made up of ex-robbers, a man who attempted murder, a former drug pusher and a onetime addict. The leads are played by two men who have been in crime since they were boys.

Running time for the show is two hours, and admission is free. The audiences are police chiefs, detectives and business people who want to protect their stores, plants, offices and homes.

Nothing like it has ever been seen on the professional stage in New York or elsewhere. In fact, it's the first and only one of its kind and after seeing it, you can't escape the

feeling that here is the living theater at its best and let's have more of it.

The play is a series of skits showing how burglars, robbers, flim-flam men, shoplifters, counterfeiters, and bad check passers do their work. Its goal is not entertainment, but education.

The actors are proven artists in their own way. They are eight long-term prisoners at the Virginia State Prison Farm, located 25 miles west of Richmond, who regret the lives they have led and are now trying to repay for the troubles they caused.

Cynics say the prisoners are only trying to improve their personnel

records against the day when they go before parole boards. The prisoners agree that they want to look good to the parole boards, but at the same time they give every indication of conscientious expiation.

The show goes on the road, but since the actors by law cannot leave the State of Virginia, it can't travel far. So NATION'S BUSINESS has produced six tape cassettes based on their performances in which you hear their voices—and also hear advice from security experts throughout the country.

The set is for sale for \$65. See pages 68-69 of this issue for details.

Who Prey on Business



eight men on "the inside"

all photos sent to State Farm
Chaplain Dant

PHOTO: JOHN DEBRAUER

The theme running through all the skits is the same:

"Here's how professional criminals do it. We know because we once were professional criminals ourselves."

Narrators, who double as stars in some of the skits, are Ronald R. Fritz and Seymour Seltzer, both doing time for robbery. When he leaves prison, Fritz wants to work with first offenders in the hope he can ease their lives. Seltzer wants to go into full-time work educating the public on saving lives and property from criminals.

Stan Zeigler, serving time for armed robbery, has written his vic-

tims that he will try to repay them for what he stole.

John H. Hicks Jr. is a three-time loser on robbery charges. He says candidly that he stole to support a drug habit he now has broken. He wants to help addicts.

Charles Bowles dealt in drugs and when he leaves prison he intends helping students to avoid becoming the kind of person he used to be.

Joseph Covington is in for armed robbery. His ambition is to help teenagers behave.

Thomas Wade once attempted to kill. He believes he can tell youngsters, and anyone else, ways to avoid

extreme anger which can lead to violence and anguish.

James C. Williams was a bank robber and shoplifter. He wants to work with young people as a way of helping society.

In their skits, the actors use a variety of props, some of which they made and some of which were supplied by the prison. For a grand finale skit on how to spot and stop shoplifters, a girl student from Virginia Commonwealth University in Richmond joins in. She is the only nonprisoner in the show.

To the average law-abiding citizen, some of the information coming from

Trade Secrets of Crooks Who Prey on Business *continued*



The best way to shoplift, say expert practitioners, is to first divert attention of clerks with loud noises and lots of action. For example, spill a tray of silver or stumble over a chair. Then, when clerks are looking at you, your confederate across the room loads up with loot.

This small homemade object in the hands of a criminal can be used to open a padlock faster than a key. It is called a "thumb buster." Prisoners at the State Farm in Virginia demonstrate the use of this device and others for businessmen and police officers.



the skits may be quite a surprise:

- Criminals can buy new or used credit cards—all of which were stolen, of course—for as little as 50 cents each. Few credit cards are counterfeited for the simple reason that they are easier to steal than copy.

- Car theft rings operate in almost every city and every state, around the clock, filling orders which specify makes of cars, colors, and even—sometimes—the extras the cars carry. Thieves walk the street until they see a car that fills the bill. If it takes more than a few seconds to break in and drive away, they aren't very good thieves.

- Professional shoplifters operate a highly effective network that supplies detailed information to other shoplifters on how certain shops are protected, how vigilant the clerks are, what's worth stealing. It's common practice for one shoplifter to draw a diagram of a store for a fellow shoplifter so he can work faster and better inside.

- Whenever a really obnoxious person comes into a store—complaining, dropping things, getting the clerk to go back to the stockroom again and again to bring out all kinds of merchandise—then watch out. He or she may be diverting attention from a partner who is busy shoplifting.
- The cheapest kinds of protection against criminals are guard dogs and plenty of inside and outside lighting.

alarm bells by following the wiring. In a few seconds they can turn the system off.

- A business that sends receipts to the bank each day by the same person, who follows the same route and goes at the same hour, is doing a favor for robbers.
- A shop with several customers in it is not as likely to be robbed as one that's nearly empty.

A Crook's Glossary

Beating—Outsmarting a store clerk during shoplifting.

Booster—A shoplifter.

Coming back—Getting out of prison.

Creeper—Burglar.

Crime school—Prison.

Down—In prison.

Flat bar—Small crowbar used to pop out the entire lock from a car door.

Meet the board—Go up for parole.

Paperhanger—Counterfeiter.

Population—All the prisoners in the jail.

Punch, peel and strip—Ways to open a safe.

Rip him off—Rob a man.

Road company—Shoplifting partners.

Score—Loot taken in a robbery.

Slap hammer—Tool that will remove a car ignition lock.

Take him off—Rob a man.

Thumb buster—Special lock pick.

Work—The crime itself.

Lighting parking lots may not help the energy crunch, but the lights make it much harder on thieves.

• In 90 per cent of burglaries of businesses, entry is made from the roof by way of skylights or utility doors, or by using drainpipes and electric lines to reach windows. If prisoners were commissioned to design a secure shopping center or mall, they would have flat roofs on all buildings and station Doberman pinscher or German shepherd dogs up there all night.

• One of the nicest things a businessman can do for a burglar is to have dirty windows so that police and citizens cannot see inside. Some burglars will not work in a store, plant or office that can be clearly viewed from outside.

• Safes should be bolted to the floor and located in a conspicuous place, preferably under bright lights which should be left on every night.

• Burglars are experts on alarms and protection systems. They can spot

Prison Chaplain William Dent, who sponsors the prisoners as actors, and Prison Supervisor of Treatment R. O. Bennett Jr. say the shoplifting skit has been called the most effective part of the show by law enforcement officers who have watched it.

Everyone in the show, plus one or two other prisoner-actors who occasionally join in, takes roles in the skit.

The "friendly" customer

With display counters and other props to lend realism, the action begins when a well-dressed "customer" enters a jewelry store. He is polite and friendly. He begins looking at a tray of watches with a "clerk" helping him. He wants to buy something for his mother.

After several lines of dialogue on which watch is best, other "customers" enter. One is the proverbial "obnoxious customer." He gets another "clerk" to begin showing him watches, pins, silver, cuff links. He complains,



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Trade Secrets of Crooks *continued*

asks to see more and more, points to specific watches he wants to inspect. The two "clerks" are now scurrying to serve the "customers."

Then in comes a pretty girl in an extremely short mini-skirt, accompanied by a black "customer" who has his arm around her waist. "A black man with a white girl always draws a lot of attention," says James Williams, himself a black. "They go to the rear of the store, away from the counter with the expensive watches and all eyes follow them."

Ronald Fritz, a white who acts as master of ceremonies during the skit, adds: "The girl has good-looking legs and she bends over. . . . If someone wasn't watching her already, he is now."

As the couple reaches the back, another "customer" standing nearby suddenly drops a full tray of knives, forks and spoons. There is a clatter. The only eyes not turned on the couple or the man who dropped the silver are those of the polite, friendly, well-dressed "customer" who was first to enter.

He's busy scooping up watches and dumping them inside his trousers where they catch in a pair of sweat pants which are gathered at the ankle.

The "nice customer" quickly leaves the shop.

As he does, one of the "clerks" turns his head and realizes what has happened. Instead of raising the alarm, the "clerk" helps himself to several \$1,500 watches, knowing that the police will believe they, too, were stolen by the shoplifters and that an insurance company will have to pay off for the whole lot.

By the time the police arrive, the friendly "customer" is far away and, of course, the other "customers" have gone to meet him and divide the loot.

After the skit the prisoners take questions and give answers for an hour. During these sessions, they have found that their concept of how to divert attention is pretty good.

At a recent performance in the Washington suburbs in Northern Virginia, just one police chief out of 50 in the audience caught on that there are actually two thefts in the skit.

The chief was the only man to see the "clerk" get his share of the watches.

END

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Editorial

What Price, Controls?

Peacetime price controls can't really work in this country for any length of time.

Just plain common sense makes it evident that our economy is far too complex for even the smartest experts to devise controls that won't produce enormous distortions.

Businessmen know our free market system is far better for everybody in the long run. But apparently many in government don't know this fact.

For the past few months we've all seen a striking demonstration of what peacetime controls do to our economy.

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Electronics is creating ingenious new ways to enhance life. And RCA, which helped create the technology itself, is still pioneering the electronic way.

The electronic way



RCA

A Straitjacket for Pensions? *continued*

perience sharply higher costs, says Council Chairman Dr. Dan McGill. Typically, however, he estimates, the increase would be $\frac{1}{2}$ to 1 per cent of payroll costs.

But that can be more than it appears at first glance.

"One half of 1 per cent of payroll means an 8 per cent increase in our pension costs," says William F. Tidwell, director, employee benefits, A.O. Smith Corp., Milwaukee, Wisc.

"We ran the Javits-Williams bill [Sen. Harrison A. Williams Jr. (D.-N.J.), chairman of the Senate Labor and Public Welfare Committee is the measure's cosponsor] through our computer. We think it would cost us another \$600,000 a year.

"That's a heck of a lot of dough."

Missing the boat?

Congress' meddling with going plans may be a classic example of misplaced emphasis.

"I think that they're missing the real social problem," says Philip J. Canfield, manager, employee benefits, Xerox Corp.

"The social problem to me is that

half of the working population isn't covered. How does Congress solve that problem by making it more expensive to set up and run a private pension plan? They should be doing something to encourage more new ones."

It's the smaller firms that are least likely to have a retirement plan.

In 1967, more than 26 million workers were employed at firms with fewer than 100 people on the payroll. Seventy-three per cent of them weren't covered by a pension plan.

By contrast, only 7 per cent of those employed by a big firm (500 employees or more) were in that fix.

The figures are somewhat old, but the latest available. Actuaries believe the picture they paint has changed little, if at all.

To duck the red tape Congress contemplates, companies may opt for profit sharing, rather than pension plans.

"With profit sharing," Mr. Zischke says, "your contributions are more flexible. You're not committed to any specific amount. It depends on how much money you make. If you have

a bad year, you don't set any aside.

"But with a pension plan, you pay in good years—and in bad. You've promised your employees a pension of so many dollars a month when they retire.

"You haven't made that kind of promise with profit sharing. And funding and reinsurance regulations don't affect you."

The real damage may be long-term, one authority points out.

Says Jay V. Strong, president, The Wyatt Co.:

"Lots of people say, well, the regulations only affect the big corporations. They're the people who have the pension plans.

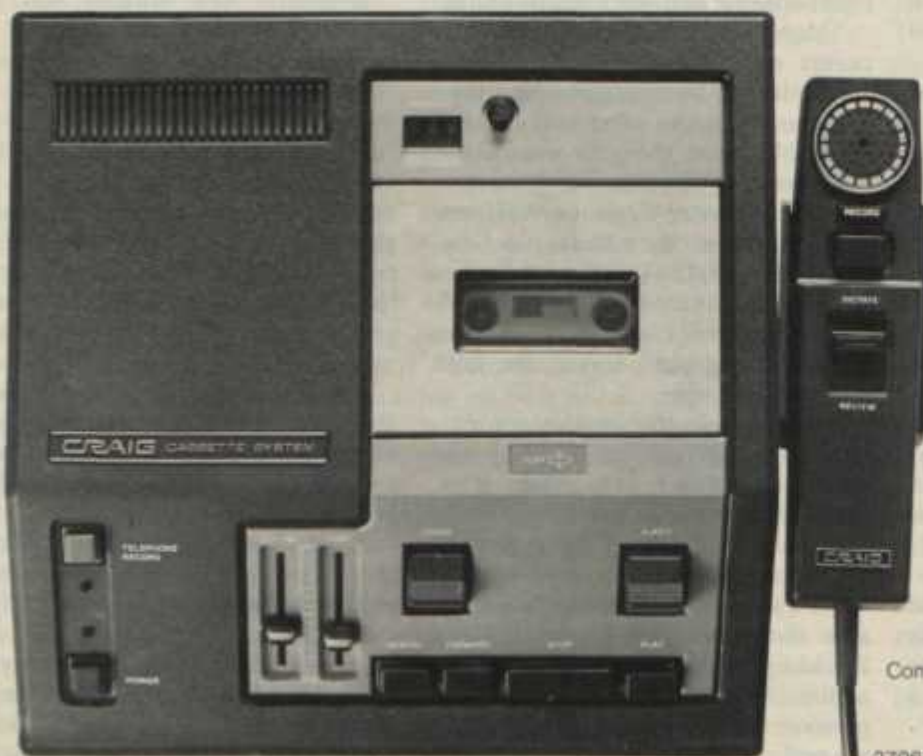
"But that overlooks the fact that, at one time, the major corporations were small corporations. The small guy now may be a big guy in 10 to 20 years.

"But if he doesn't start a pension plan when he is small—if you discourage him from starting one—he may not be able to do it when he's big.

"So the impact is down the road."

END

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